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LEGISLATIVE HISTORY

Public Law 85-336
H. R. 9955

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Index and summary of H. R. 9955

- Jan. 14, 1958 Rep. Mills introduced H. R. 9955 which was referred to the House Ways and Means Committee. Print of bill as introduced.
- Jan. 17, 1958 House committee reported H. R. 9955 without amendment. H. Rept. No. 1282. Print of bill and report.
- Jan. 20, 1958 Rules Committee reported resolution for consideration of H. R. 9955. H. Res. 446, H. Rept. No. 1286. Print of bill and report.
- Jan. 21, 1958 House began debate on H. R. 9955.
- Jan. 23, 1958 House passed H. R. 9955 without amendment.
H. R. 9955 was referred to the Senate Finance Committee. Print of bill as referred.
- Feb. 20, 1958 Senate committee reported H. R. 9955 without amendment. S. Report No. 1297. Print of bill and report.
Senate made H. R. 9955 its unfinished business.
- Feb. 24, 1958 Senate passed H. R. 9955 without amendment.
- Feb. 26, 1958 Approved: Public Law 85-336.

DIGEST OF PUBLIC LAW 85-336

TEMPORARY INCREASE IN PUBLIC DEBT LIMIT. Provides for
a temporary increase, until June 30, 1959, of \$5 billion
in the public debt limit.

85TH CONGRESS
2D SESSION

H. R. 9955

IN THE HOUSE OF REPRESENTATIVES

JANUARY 14, 1958

Mr. MILLS introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To provide for a temporary increase in the public debt limit.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That, during the period beginning on the date of the
4 enactment of this Act and ending on June 30, 1959, the
5 public debt limit set forth in the first sentence of section 21
6 of the Second Liberty Bond Act, as amended, shall be
7 temporarily increased by \$5,000,000,000.

I

A BILL

To provide for a temporary increase in the
public debt limit.

By Mr. Mills

JANUARY 14, 1958

Referred to the Committee on Ways and Means

TEMPORARY INCREASE IN PUBLIC DEBT LIMIT

JANUARY 17, 1958.—Ordered to be printed

Mr. MILLS, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H. R. 9955]

The Committee on Ways and Means, to whom was referred the bill (H. R. 9955) to provide for a temporary increase in the public debt limit, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

GENERAL STATEMENT

Section 21 of the Second Liberty Bond Act, as amended, provides a permanent limit of \$275 billion on the amount of the public debt securities which may be outstanding at any one time. In the 83d Congress (Public Law 686, 83d Cong., 2d sess.) the public debt limit was temporarily increased from \$275 billion to \$281 billion, or by \$6 billion. This temporary increase was extended in the 84th Congress (Public Law 124), 84th Cong., 1st sess. until June 30, 1956, and again in that Congress (by Public Law 678, 84th Cong., 2d sess.) but this time by only \$3 billion for the period ending June 30, 1957. After June 30, 1957, the public debt limit reverted to the permanent limit of \$275 billion.

The Secretary of the Treasury has again requested that the existing debt limit be temporarily increased. He has requested that the permanent limit be temporarily increased to \$280 billion, or by \$5 billion, for the period beginning on the date of enactment and ending on June 30, 1959.

Your committee is concerned both about the necessity of increasing the debt limit over the present statutory limit of \$275 billion and the amount of the temporary increase requested by the administration. However, in view of the Secretary's statement (much of which is quoted below) concerning the necessity for flexibility in managing the fiscal affairs of the Government, and in view of the unsettled conditions confronting the United States on both the economic and international fronts, it is deemed necessary to provide the authority re-

requested by the Secretary and to increase temporarily the maximum debt limit by \$5 billion for the period beginning on the date of enactment and ending on June 30, 1959.

In providing for such increase, your committee places primary reliance upon the Secretary's assurance that those in the administration will exert all of their abilities to achieve the utmost economy in governmental operations and to manage the public debt as best they can in the national interest.

The Secretary of the Treasury made the following statement before your committee in support of this increase:

I want to make clear at the outset that the need for a debt limit increase is based on—

1. The fact that cash balances have been running distressingly low * * *.

2. There is need for more flexibility for more efficient and economical management of the debt.

3. Even with a balanced budget there will still be large seasonal fluctuations in receipts which make operations under the \$275 billion limitation most difficult.

This request, made within the framework of our 1959 budget estimates for revenue and expenditures, emphasizes not only much-needed flexibility as outlined above, but takes into account contingencies which might develop in a world filled with uncertainties.

* * * * *

One of the most serious difficulties encountered by the Treasury in operating under the present limitation is the problem of carrying out our financing in an orderly and economical manner. A large portion of our public debt is made up of securities with relatively short maturity. More than \$25 billion of Treasury bills come due within the next 90 days and more than \$50 billion of Treasury certificates, notes, and bonds are coming due in the calendar year 1958. (See attached table 1 and charts 1 and 2 on the volume of Treasury financing.) [Parentheses added.]

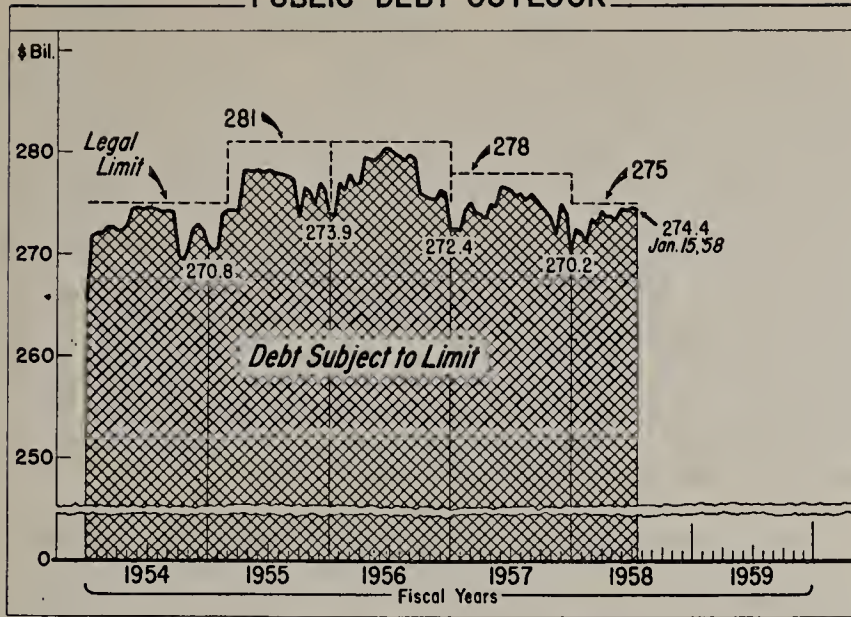
TABLE 1.—*Marketable maturities January 1958 through December 1958*¹
[In millions of dollars]

Maturity date 1958	Security (issue date)	Total amount outstanding Dec. 31, 1957
Feb. 14.....	3¾ percent certificate (Feb. 15, 1957).....	\$10, 851
Mar. 15.....	2½ percent bond (June 2, 1941).....	1, 449
Apr. 1.....	1½ percent exchange note (Apr. 1, 1953).....	383
Apr. 15.....	Special bill (Aug. 21, 1957).....	1, 751
Apr. 15.....	3½ percent certificate (May 1, 1957).....	2, 351
June 15.....	2¾ percent note (Dec. 1, 1955).....	4, 392
June 15.....	2¾ percent bond (July 1, 1952).....	4, 245
June 15.....	2¾ percent bond of 1958-63 (June 15, 1938) ²	919
Aug. 1.....	4 percent certificate (Aug. 1, 1957).....	11, 519
Oct. 1.....	1½ percent exchange note (Oct. 1, 1953).....	121
Dec. 1.....	3¾ percent certificate (Dec. 1, 1957).....	9, 330
Dec. 15.....	2½ percent bond (Feb. 15, 1953).....	2, 368
Total.....	.....	50, 179

¹ Excludes \$22.1 billion of regular weekly Treasury bills and \$3.0 billion tax-anticipation bills due Mar. 24, 1958.

² Partially tax exempt. Callable June 15, 1958.

PUBLIC DEBT OUTLOOK



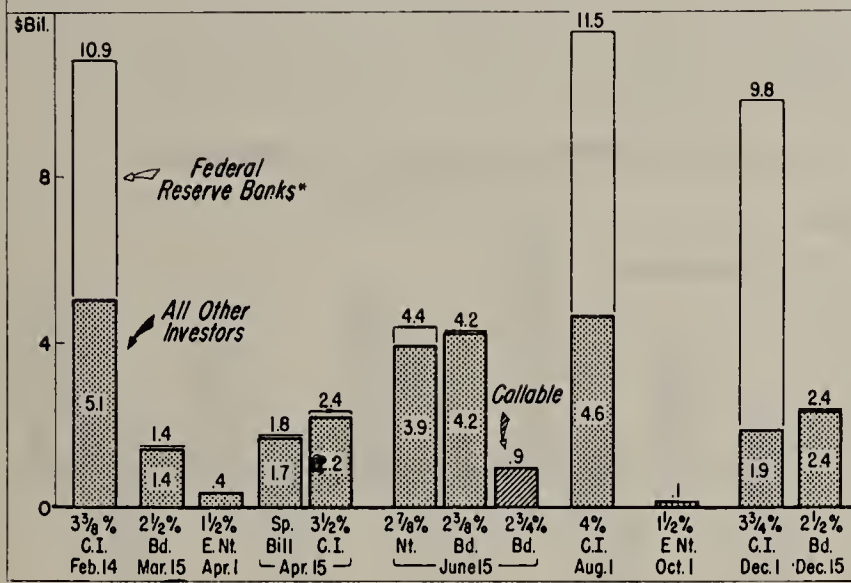
Office of the Secretary of the Treasury

B-1150-E-1

CHART 1

MARKETABLE MATURITIES IN 1958

Excluding Regular and Tax Anticipation Bills



Office of the Secretary of the Treasury

B-1164-E-1

*Including Government Investment Accounts.

CHART 2

Some part of this short-term indebtedness is coming due each month, so that at all times the Treasury is faced with substantial refunding problems. An objective of sound fiscal policy is to extend the maturity of new issues whenever opportunities are available, so as to avoid concentrating too large a portion of the public debt in the area of short maturities.

In recent years, due to market conditions or the restrictions of the debt limit, opportunities to accomplish this objective have not been very frequent. We should be able to take advantage of opportunities in the period ahead of us. Under the present debt limit, we would not be able to take full advantage of such opportunities. During the past several months, we have been able to issue only relatively small amounts of longer maturities on two occasions. The practice of the Government going frequently to the market disturbs not only the market for Government securities but also the market for corporate, State, and municipal securities. We should be able to conduct our operations on a scale commensurate with our needs and in accordance with the conditions which prevail. We should as far as possible leave the markets freer to absorb new financing by State and local governments and private businesses.

The circumstances which I have outlined, in our judgment, require a prompt temporary increase in the present statutory debt limitation. We will still experience in fiscal year 1959 a continuation of seasonal peaks in the collection of corporate income taxes. These collections of corporate taxes are gradually being leveled off, but there are still large seasonal fluctuations. Under these circumstances, it is necessary for the Treasury to borrow large sums in the July-December period to meet expenditures, and to pay off such borrowings in the January-June period, even in years when we have balanced budgets. (Chart 3 shows the semiannual distribution of surplus or deficit for recent years, including estimates for the fiscal year 1959.) [Parentheses added.]

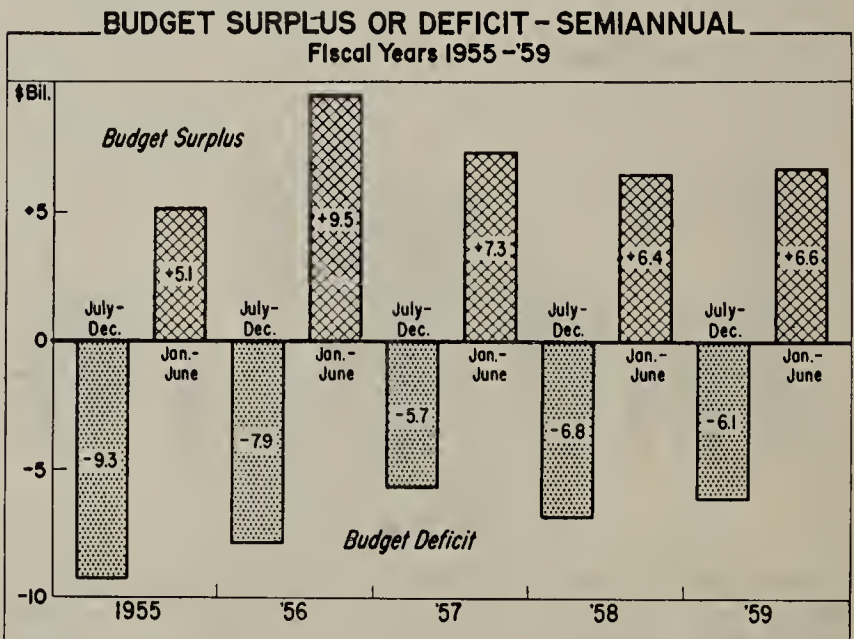


CHART 3

It is difficult to make precise month-to-month forecasts which reflect all operations of the Government, including collection of a great many types of revenues, the rates of expenditures under the programs of each agency, the issue and retirement of our public debt obligations, and all of the multitude of operations reflected in the total inflow and outflow of the Treasury. We have, however, made estimates of the public debt and cash balances which are based upon our best judgment as of the moment, and I am submitting for your information these figures in the attached table 3. These figures assume maintaining mid-month and end-of-month cash balances of \$3.5 billion and for an allowance of \$3.0 billion for flexibility in financing and for contingencies.

We want to reemphasize that we are now at the period of the year when the Treasury finds itself in a most difficult position and at a time when we are facing major financing operations. We respectfully urge, therefore, that the Congress give prompt consideration to this matter.

We at the Treasury assure you that we will exert all our abilities to achieve the utmost economy in governmental operations and to manage the public debt as best we can in the national interest.



Union Calendar No. 500

85TH CONGRESS
2D SESSION

H. R. 9955

[Report No. 1282]

IN THE HOUSE OF REPRESENTATIVES

JANUARY 14, 1958

Mr. MILLS introduced the following bill; which was referred to the Committee on Ways and Means

JANUARY 17, 1958

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To provide for a temporary increase in the public debt limit.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That, during the period beginning on the date of the
4 enactment of this Act and ending on June 30, 1959, the
5 public debt limit set forth in the first sentence of section 21
6 of the Second Liberty Bond Act, as amended, shall be
7 temporarily increased by \$5,000,000,000.

I

85TH CONGRESS
2D SESSION

H. R. 9955

[Report No. 1282]

A BILL

To provide for a temporary increase in the
public debt limit.

By Mr. Mills

JANUARY 14, 1958

Referred to the Committee on Ways and Means

JANUARY 17, 1958

Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued January 21, 1958
For actions of January 20, 1958
85th-2nd, No. 8

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Disaster loans.....22	Water utilization.....11	Personnel.....3,5
Economic report.....1	Wool.....12	Public debt.....2

HIGHLIGHTS: Both Houses received President's Economic Rept. House Rules Committee cleared bill to increase public debt limit. Rep. Whitten introduced and discussed bill to broaden use of disaster loan revolving fund. He also discussed his proposed bill to restore to production cotton acreage in acreage reserve program.

HOUSE

1. ECONOMIC REPORT. Both Houses received the President's Economic Report (H. Doc. 279); to Joint Economic Committee. pp. 573-4, 576-7

The Report includes legislative recommendations as follows:

Extend Titles I and II of the Agricultural Trade Development and Assistance Act of 1954 for one year beyond June 30, 1958, and raise the present limit on permissible expenses and losses of the Commodity Credit Corporation under Title I by \$1.5 billion.

Continue the special milk program beyond June 30, 1958.

Eliminate the escalator clauses governing price supports on basic commodities under the Agricultural Act of 1949.

Authorize price supports for wheat, corn, cotton, rice, tobacco, peanuts, and dairy products to be determined administratively, within a range of from 60 to 90 percent of parity, in accordance with guidelines already established by law for almost all other agricultural commodities.

Extend the National Wool Act beyond March 31, 1959.

Eliminate acreage allotments for corn and provide discretionary authority to increase allotments of other crops.

Permit the Acreage Reserve Program to expire at the end of the 1958 crop season; strengthen the Conservation Reserve Program; and consider further consolidation of Federal activities in soil and water conservation.

Enlarge the Commodity Credit Corporation Advisory Board and assign it the role of advising the Secretary of Agriculture in the exercise of the wider discretionary authority requested.

Revise the distribution formula under Title I of the Bankhead-Jones Act to permit the allocation of a larger amount of loan funds to areas of acute need, and require States to contribute at least 25 percent of disaster-relief costs in certain emergency programs.

Extend the Trade Agreements Act for 5 years beyond June 30, 1958; permit the reduction of any duty existing on July 1, 1958 by 5 percent per year over a 5-year period, or by an equivalent total amount in not less than three stages with a maximum of 10 percent in any one year; also permit, alternatively the reduction of any rate of duty by three percentage points ad valorem without any yearly reduction exceeding one percentage point, or the reduction of any rate to 50 percent ad valorem, if the existing duty is higher than that amount, without any yearly reduction exceeding one-third of that difference; and authorize United States membership in the Organization for Trade Cooperation.

Extend the Export Control Act beyond its expiration on June 30, 1958; amend certain customs administration provisions in the Tariff Act of 1930; and approve amendments to the Antidumping Act of 1921 to improve its administration.

Provide funds for the Development Loan Fund to finance economic development projects in underdeveloped countries, and for technical assistance under the United Nations Program.

Increase the lending authority of the Export-Import Bank.

Provide funds for the improvement of Federal economic statistics programs.

Increase statutory debt limit temporarily.

Grant wider discretionary authority to department and agency heads to set terms on private loans insured or guaranteed by the Government.

Provide funds on a temporary basis for grants to States to improve instruction and to strengthen State departments of education in the fields of science and mathematics, to identify and encourage able high school students, to provide college scholarships, and to improve State statistics on education; and funds for broader support of graduate education and the improvement and expansion of foreign language teaching in colleges and universities.

Establish an Area Assistance Administration in the Commerce Department to extend loans, research grants, and technical assistance in areas of persistent unemployment.

2. PUBLIC DEBT. The Ways and Means Committee reported (Jan. 17) without amendment H. R. 9955, to provide a temporary increase of \$5 billion in the public debt limit (H. Report 1282). The Rules Committee reported a resolution for consideration of the bill. p. 588
3. STATION TRANSFERS. The Government Operations Committee reported without amendment S. 1408, to provide allowances for transportation of house trailers to civilian employees of the U. S. who are transferred from one official station to another (H. Rept. 1285). p. 586
4. FARM PROGRAM. Rep. Moulder inserted a telegram from the Missouri Farmers Association criticizing the President's farm message as revealing "a complete lack of understanding of the farm problem and a lack of sympathy for the plight of American farmers." p. 578
5. PERSONNEL. Rep. Lane discussed his proposed bill to compensate Federal employees under certain conditions for heart disease. pp. 578-9
6. FOREIGN TRADE. Received from the Secretary of Commerce a proposed bill "to provide for continuation of authority for regulation of exports"; to Banking and Currency Committee. p. 585

[CONSIDERATION OF H. R. 9955

JANUARY 20, 1958.—Referred to the House Calendar and ordered to be printed

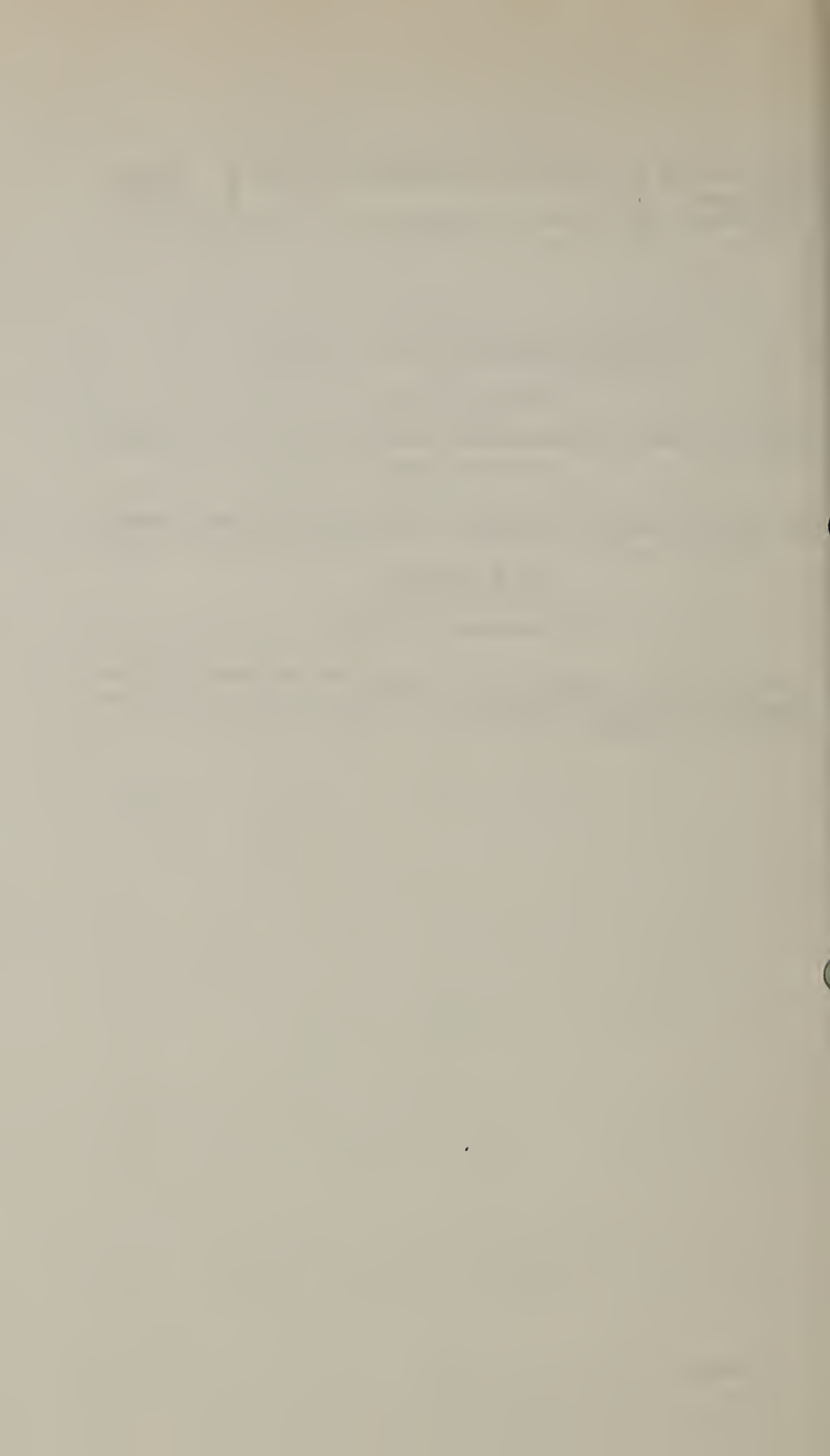
Mr. TRIMBLE, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 446]

The Committee on Rules, having had under consideration House Resolution 446, report the same to the House with the recommendation that the resolution do pass.





House Calendar No. 139

85TH CONGRESS
2^D SESSION

H. RES. 446

[Report No. 1286]

IN THE HOUSE OF REPRESENTATIVES

JANUARY 20, 1958

Mr. TRIMBLE, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H. R. 9955) to pro-
5 vide for a temporary increase in the public debt limit, and
6 all points of order against said bill are hereby waived.
7 After general debate, which shall be confined to the bill,
8 and shall continue not to exceed three hours, to be equally
9 divided and controlled by the chairman and ranking minority
10 member of the Committee on Ways and Means, the bill shall
11 be considered as having been read for amendment. No
12 amendment shall be in order to said bill except amendments

1 offered by direction of the Committee on Ways and Means,
2 but said amendments shall not be subject to amendment. At
3 the conclusion of such consideration, the Committee shall
4 rise and report the bill to the House with such amendments
5 as may have been adopted, and the previous question shall
6 be considered as ordered on the bill and amendments thereto
7 to final passage without intervening motion, except one
8 motion to recommit.

85TH CONGRESS
2D SESSION
H. RES. 446

[Report No. 1286]

RESOLUTION

Providing for the consideration of H. R. 9955,
a bill to provide for a temporary increase
in the public debt limit.

By Mr. TRIMBLE

JANUARY 20, 1958

Referred to the House Calendar and ordered to be
printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued January 22, 1958
For actions of January 21, 1958
85th-2d, No. 9

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Farm program.....7	Small business.....8	Wheat.....19

HIGHLIGHTS: House debated bill for temporary increase in public debt limit. Rep. Whitten introduced bill to restore to production cotton acreage in acreage reserve program.

HOUSE

1. PUBLIC DEBT. Began debate on H. R. 9955, to provide a temporary \$5 billion increase in the public debt limit. After conclusion of general debate, a vote on the measure was postponed until Thurs., Jan. 23. pp. 590-612
2. FARM RESOURCES. Rep. Horan commended this Department for a recent study, "Farm Resources Needed for Specified Income Levels," and inserted a letter from Dr. B. T. Shaw commenting on the study. pp. 616-7
3. FOREIGN TRADE. Rep. Bailey charged the Administration with using "misleading propaganda" in an "effort to force approval of a 5-year extension of our present trade agreements." pp. 615-6
4. FISHERIES. Received from the Secretary of the Interior the annual report of activities and research to encourage the distribution of domestically produced fishery products. p. 618
5. DEFENSE PRODUCTION. Received the annual report of the Joint Committee on Defense Production (H. Rept. 1289). p. 618

SENATE

6. POSTAL RATES. Sen. Johnston announced that the Post Office and Civil Service Committee will hold hearings Jan. 24 and during February on legislation to increase postal rates, and said he hopes a bill can be reported early in March. p. D29

ITEMS IN APPENDIX

7. FARM PROGRAM. Rep. Smith inserted an editorial summarizing efforts being made to develop the industrial growth of the Miss. Delta to correspond to its rich agricultural opportunities. p. A429
Rep. Miller, Neb., inserted an article, "Suburbia Eating Into Our Breadbasket," describing how urbanization is "gobbling up" a million acres of land every year and urging more systematic planning to protect land resources. pp. A431-2
Extension of remarks of Rep. Gross criticizing the proposed farm program and inserting an editorial on this subject. p. A440
Extension of remarks of Rep. Burdick criticizing the President's proposed farm program and stating the program is "just as clear as mud." p. A441
Rep. Rhodes inserted an editorial, "The President and the Farmer," commending the proposed program. pp. A468-9
8. SMALL BUSINESS. Rep. Thompson inserted a Nat'l Federation of Independent Business resolution urging tax relief for small business. pp. A446-8
9. FOREST PRODUCTS. Rep. Sikes inserted an article, "Hardwood Plywood Imports: A Warning To The Forest Products Industry." pp. A450-1
10. ELECTRIFICATION. Rep. Bartlett inserted a magazine article, "Power Struggle on the Canadian Border," discussing the situation on the U. S. - Canadian border regarding water resources. pp. A457-61
Rep. Dixon, Utah, inserted a letter discussing the need for more funds for the Flaming Gorge and Navajo dams. p. A461
11. BUDGET. Rep. Smith, Wisc., inserted an article, "Confessions of a Bureaucrat, or, How the Federal Budget Got That Way." pp. A469-71
Rep. Rhodes inserted a portion of a Kiplinger Washington Letter discussing the 1959 budget. pp. A473-74
12. NATURAL RESOURCES. Rep. Ullman inserted a newspaper article, "Dangerous Decline Found in United States Natural Resources." pp. A478-79

BILLS INTRODUCED

13. PERSONNEL. H. R. 10148, by Rep. Rees, Kan., to revise basic composition schedules of the Classification Act of 1949, as amended; to Post Office and Civil Service Committee.
H. R. 10157, by Rep. Fino, to amend the Annual and Sick Leave Act of 1951 to provide lump-sum payment for unused sick leave to the credit of an officer or employee immediately prior to his separation from the service on retirement; to Post Office and Civil Service Committee.
H. R. 10177, by Rep. Lane, to create a presumption that certain impairment of health caused by hypertension or heart disease of a Federal or District of Columbia employee is incurred in line of duty for purposes of certain retirement and disability compensation laws or systems; to Post Office and Civil Service Committee.
14. STATEHOOD. H. R. 10155, by Rep. Dooley, to provide for the admission of the State of Hawaii into the Union; to Interior and Insular Affairs Committee.
15. LIVESTOCK LOANS. H. R. 10158, by Rep. Fisher, to extend the authority of the Secretary of Agriculture to make special livestock loans; to Agriculture Committee.



Congressional Record

United States
of America

PROCEEDINGS AND DEBATES OF THE 85th CONGRESS, SECOND SESSION

Vol. 104

WASHINGTON, TUESDAY, JANUARY 21, 1958

No. 9

Senate

The Senate was not in session today. Its next meeting will be held on Thursday, January 23, 1958, at 12 o'clock meridian.

House of Representatives

TUESDAY, JANUARY 21, 1958

The House met at 12 o'clock noon.

The Reverend Meletius M. Wojnar, of the Order of St. Basil the Great, assistant professor of oriental canon law, the Catholic University of America, offered the following prayer:

Almighty God, we, the Congress of the United States of America, in the name of the entire Nation, acknowledge You as our Lord and God. And therefore, as a nation, we worship You and we respect Your law. We thank You also for Your protection from all evils and for conserving in our Nation the great principles of democracy: freedom, prosperity, and justice for all. Finally, we beseech You for peace for our country and for all other countries.

And, especially on this occasion of the 40th anniversary of the independence of Ukraine, we ask You to grant to the Ukrainian Nation and its 40 million people and to all the captive nations behind the Iron Curtain the opportunity to live and to worship You in freedom, independence, and in peace. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had adopted the following resolution.

Senate Resolution 243

Resolved, That the Senate has heard with profound sorrow and deep regret the announcement of the death of Hon. Matthew M. Neely, late a Senator from the State of West Virginia.

Resolved, That a committee of 15 Senators be appointed by the President of the Senate

to attend the funeral of the deceased at Fairmont, W. Va.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased, the Senate do now adjourn.

DEPARTMENT OF DEFENSE SUPPLEMENTAL APPROPRIATION BILL, FISCAL YEAR 1958

Mr. MAHON, from the Committee on Appropriations, reported the bill (H. R. 10146) making supplemental appropriations for the Department of Defense for the fiscal year ending June 30, 1958, and for other purposes (Rept. No. 1288), which was read a first and second time and, with the accompanying papers, referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

DEPARTMENT OF DEFENSE SUPPLEMENTAL APPROPRIATION BILL, FISCAL YEAR 1958

(Mr. MAHON asked and was given permission to address the House for 1 minute.)

Mr. MAHON. Mr. Speaker, the Committee on Appropriations has just filed the report on the \$1.2 billion supplemental appropriation bill for fiscal year 1958. The report covers only 14 pages. There have been thousands of columns printed and millions of words have been spoken about our defense situation. Questions have been asked as to the adequacy of appropriations and programs. I do hope that all Members of the House will find time to read these 14 pages.

The bill will be taken up, as I understand the plan of leadership, tomorrow for debate and, if there is a rollcall, that will come on Thursday.

The hearings consist of only one thin volume of less than 400 pages. Those hearings are full of information that should be in the possession of all Members of the House. I rise to alert the Members to this bill and to ask them to read the report and look into the hearings in order that we may take proper action when we call up the bill for consideration tomorrow.

THE FOUR-WAY TEST

(Mr. ROGERS of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROGERS of Florida. Mr. Speaker, it is a pleasure for me today to join with the Delray Beach Rotary Club and its president, J. Arnold Carter, who is in Washington today, in presenting to each Member of Congress a 3-inch hemisphere paperweight with the four-way test inscribed on it. You should receive it today.

The origin of the four-way test dates back to 1912 and was created and set forth by Herbert J. Taylor, of Chicago, Ill., who was president of Rotary International in 1954-55. During the depression years Taylor, in seeking divine guidance in a particularly important problem, turned to the Scriptures of the Bible, and it was from this that the four-way test evolved.

FOUR-WAY TEST

1. Is it the truth?
2. Is it fair to all concerned?
3. Will it build good will and better friendships?
4. Will it be beneficial to all concerned?

It has been variously described as a guide to use in any relationship of government, business, or social life; a yardstick of all things thought, said, and done. The proven results obtained by groups, communities, governing bodies, and individuals who have adopted it are somewhat amazing. Rotarians the world over are extremely enthusiastic about the merits of the application of the test when applied to any relationship of one person with another.

Members of the Delray Beach Rotary Club are very enthusiastic at the opportunity to bring before Congress the four-way test, and it is hoped that each Member will adopt this as his motto and that it will be beneficial in promoting worldwide peace and understanding.

TELEVISION

(Mr. LANE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LANE. Mr. Speaker, television belongs to the people.

In its presentation of entertainment, advertising, and news, it is a new democratic medium of communication that must be kept free from monopolistic control.

There is a movement underway in favor of pay TV that would reduce it to the status of a jukebox screen, where you would have to pay to see what is currently free. If such a system should prevail, it would deny to many a poor family the programs that can be enjoyed now by every viewer irrespective of his economic position.

It would place privilege above choice. Outstanding programs will be seen only by those who pay a monthly fee or a stipulated price per program. The national television audience will be split between the have and the have-nots, introducing a divisive element that could have far-reaching social consequences.

We never contemplated such a split personality for radio. Why, then, should we foster it in television?

Test samples of public opinion on this issue are running heavily against pay-as-you-see TV. A few months ago, the people in the Salinas-Monterey and San Luis Obispo areas of California were polled as to their views on this issue. The verdict: 4 in favor, 5,002 against.

In order that pay TV will not be imposed on the American people against their will, I have introduced a bill similar to that proposed by Senator WILLIAM LANGER, and designed to "prohibit the charging of a fee to view telecasts in private homes." It reads:

Be it enacted, etc., That the Communications Act of 1934 (48 Stat. 1064), as amended, is amended by adding after section 507 the following:

"CHARGING FEES FOR VIEWING TELECASTS IN PRIVATE HOMES

"SEC. 508. (a) It shall be unlawful for any person to impose or attempt to impose, either directly or indirectly, any toll, fee, subscription, or other charge, on the general public for the privilege of viewing television programs in private homes until such person has been so authorized by the Commission

subsequent to the date of the enactment of this section.

"(b) The Commission shall not authorize or permit the imposing of any such toll, fee, subscription, or other charge referred to in subsection (a) of this section until it is authorized to do so by a law enacted after the date of enactment of this section."

SEC. 2. Subsection (b) of section 2 of the Communications Act of 1934 is amended by striking out "section 301" and inserting in lieu thereof "sections 301 and 508."

As you will note, the emphasis is on "viewing telecasts in private homes." This is a right that must not be restricted by any mercenary factor. In this right of choice, all Americans must be equal.

Therefore, I urge passage of protective legislation that will maintain our tradition of free television, and promote the democratic principles on which it is based.

COMMITTEE ON BANKING AND CURRENCY

Mr. McCORMACK. Mr. Speaker, at the request of the chairman of the Committee on Banking and Currency, I ask unanimous consent that that committee may sit today during general debate.

The SPEAKER. Is there objection?

Mr. MULTER. Mr. Speaker, I object.

AWARD OF CROSS OF COMMANDER OF THE ORDER OF ORANGE-NASSAU TO HON. FRANCIS E. WALTER

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent for immediate consideration of the bill (H. R. 10147) to permit Hon. FRANCIS E. WALTER, Member of Congress, authorization to accept the award of Cross of Commander of the Order of Orange-Nassau conferred upon him by Her Majesty the Queen of the Netherlands.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

H. R. 10147

A bill to permit Hon. FRANCIS E. WALTER, Member of Congress, authorization to accept the award of Cross of Commander of the Order of Orange-Nassau conferred upon him by Her Majesty the Queen of the Netherlands

Be it enacted, etc., That the Honorable FRANCIS E. WALTER, Member of Congress, is authorized to accept the award of the Cross of Commander of the Order of Orange-Nassau conferred upon him by Her Majesty the Queen of the Netherlands, together with any decorations and documents evidencing such award. The Secretary of State is authorized and directed to deliver to the Honorable FRANCIS E. WALTER any decorations and documents evidencing such award.

SEC. 2. Notwithstanding the provisions of section 2 of the act of January 31, 1881 (5 U. S. C., sec. 114), or any other provision of law, the Honorable FRANCIS E. WALTER may wear and display the decoration referred to in the first section of this act after acceptance thereof.

Mr. CELLER. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I am happy to note that the Government of the Netherlands has bestowed this accolade of honor upon our distinguished colleague the gentle-

man from Pennsylvania [Mr. WALTER]. In accordance with his philosophy of immigration, he has been most painstakingly cognizant of his duties as chairman of the Subcommittee on Immigration of the Judiciary Committee. He has responded with expertness. I frequently am in disagreement with him but never doubt his sincerity. I think the work that he has done with reference to the activities of the Intergovernmental Committee on European Migration is exemplary. It is for that reason, I am sure, among others, that the Government of the Netherlands and its distinguished Queen has bestowed upon him this distinction.

I am very happy that he is the recipient thereof.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INCREASING THE PUBLIC DEBT LIMIT

Mr. TRIMBLE. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution—House Resolution 446—and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9955) to provide for a temporary increase in the public-debt limit, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, but said amendments shall not be subject to amendment. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommend.

Mr. TRIMBLE. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN] and yield myself such time as I may consume.

Mr. Speaker, House Resolution 446 makes in order the consideration of H. R. 9955, a bill to provide for a temporary increase in the public debt limit.

The resolution provides for the usual closed rule, waives points of order against the bill and grants 3 hours of general debate. The only amendments that may be offered are those amendments offered by direction of the Committee on Ways and Means, but such amendments are not subject to amendment.

Section 21 of the Second Liberty Bond Act provides a permanent limit of \$275 billion on the amount of the public debt. This bill provides that the debt limit shall be increased by \$5 billion, begin-

ning on the date of enactment of the bill and ending June 30, 1959.

My colleague, the gentleman from Arkansas [Mr. MILLS], in presenting his request for a rule before the Committee on Rules, pointed out that following the request of the Secretary of the Treasury to raise the debt limit to \$280 billion, a public hearing was held. After hearing the testimony presented, the Ways and Means Committee determined that the full \$5 billion temporary increase in the debt limit should be allowed. The increase would provide for the immediate cash requirements of the Government since the cash balances have been very low. The increase would also provide a wider margin between the actual public indebtedness and the statutory limit which would give more flexibility in managing more efficiently and economically the fiscal affairs of the Government.

I urge the adoption of House Resolution 446 so the House may proceed to the consideration of this measure for which ample time for debate has been provided.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. TRIMBLE. I yield to the gentleman from Iowa.

Mr. GROSS. Can the gentleman explain to the House why this is a closed rule?

Mr. TRIMBLE. That is a little difficult to do in one sense and not very difficult to do in another. Revenue bills coming out of the Committee on Ways and Means are very complicated. Members of the Ways and Means Committee appeared before the Committee on Rules and convinced us that the bill should be brought up under a closed rule and a majority of the committee voted that way.

Mr. GROSS. Will the gentleman yield further?

Mr. TRIMBLE. I yield to the gentleman from Iowa.

Mr. GROSS. Is the gentleman saying this is a revenue bill?

Mr. TRIMBLE. In a sense it is. There is \$5 billion of revenue involved.

Mr. GROSS. If the gentleman will yield further, I still have no substantial explanation of why this bill should be called to the floor under a gag rule. Will the gentleman say what the representation was that caused the committee to report out a closed rule?

Mr. TRIMBLE. The only explanation I can give the gentleman from Iowa is the one I have just given, that the Committee on Ways and Means sought this kind of rule and the Committee on Rules on the showing made granted it.

Mr. GROSS. If the gentleman will yield further, can the gentleman tell me where we can obtain a copy of the hearings in connection with the bill?

Mr. TRIMBLE. In the Committee on Rules. I am not sure that the proceedings were taken down.

Mr. BROWN of Ohio. I think the hearings on the bill itself would be before the Committee on Ways and Means.

Mr. TRIMBLE. Mr. Speaker, I reserve the balance of my time.

Mr. COLMER. Mr. Speaker, it is with some reluctance that I find myself in

opposition to both the rule and the subject matter of the bill which it makes in order.

First, as I think most of the membership know, I am never enthusiastic about closed or so-called gag rules. I opposed this type of rule in committee because I could see no justification whatsoever for it. The issue is a simple one here. It is merely a question of whether the debt limit should be raised and if so, how much. Certainly the membership should have an opportunity to offer amendments either cutting or raising the amount. Secondly, Mr. Speaker, I am opposed to the bill. As I stated to the House the other day, I do not think this is a time for hysterical recitation to the new phase of the Russian cold war—the sputnik. This is the justification urged for further increasing our debt limit.

I am sure we are all aware of the fact this country has the greatest national debt not only of the present family of nations, but in the history of the world. We cannot go on indefinitely increasing this debt without bringing about the destruction of our fiscal system and thereby pulling the pillars down on this Nation, the leader of the free world. Again I repeat that the Russian masters are following the Lenin doctrine of destroying this champion of the free peoples by destroying it from within.

Therefore, Mr. Speaker, I cannot in good conscience go along with this rule or the bill. One way to stop increasing the national debt is to stop increasing the debt limit.

The SPEAKER. The gentleman from Ohio [Mr. BROWN] is recognized.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I speak as a minority member of the Committee on Rules and rather reluctantly bring this rule before the House. Very frankly, and I think I owe it to the House to say so, I voted against this closed or gag rule when it was before our committee. I did so because I believed an opportunity should have been given for those members of the Ways and Means Committee who supported only a \$3 billion increase in the national debt limit, instead of \$5 billion to have their proposal voted upon. I now understand—and I certainly hope so—that when a motion to recommit is made it will carry the \$3 billion figure.

Mr. MASON. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield.

Mr. MASON. I assure the gentleman that will be done.

Mr. BROWN of Ohio. I thank the gentleman very much. That arrangement will at least give the House an opportunity to decide for itself whether we should have a \$3 billion increase in the national debt limit, a \$5 billion increase, or none at all.

In further explanation of this present situation, and of my vote in the Rules Committee, let me point out that in the past similar bills have been brought up in the House to increase the debt limit, under gag rules whereby the House membership had no opportunity to express their full will, but only, as in the old German Reichstag, to vote "Ja" or

"Nein" on the bill as reported. The bill would then go to the Senate, and in turn the Senate would reduce the amount by which the debt ceiling would be lifted to \$3 billion.

In the end, the Members of the House of Representatives are left looking like a lot of dumb sheep. So I am getting a little bit tired of these closed or gag rules, especially when the legislation to be considered is not a general revenue bill, but only to a measure containing one real issue in it, the amount by which we should increase the national debt.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Iowa.

Mr. GROSS. I want to commend the gentleman from Ohio for the position he has taken in the Rules Committee in his effort to give the House an opportunity to work its will upon this and other bills that have come before the House, particularly this bill. It is unthinkable that there should be a gag rule on one of the first measures of any consequence to be brought before the House in the present session.

Mr. BROWN of Ohio. Let me say to the gentleman that it is not a happy circumstance in which I find myself, or to disagree with the large majority of the Members of the Rules Committee, for all of whom I have great respect. But this is certainly not a general revenue bill. It is not made up of a great number of paragraphs, sections, ideas, and items dealing with many questions. It brings up only the question whether we want a \$5 billion increase in the national debt limit or whether we would rather go a little slow and perhaps keep the brake on the spenders a bit by saying: "We will vote a \$3 billion increase now to give you elbow room. Then if we have to increase the national debt limit later, because of any great emergency, we can do so."

Let me say further that I am reluctant, in my own mind, as to the wisdom or need of increasing the debt limit. I understand fully the position of the Treasury Department. I know something of the testimony that was given before the Committee on Ways and Means as to the necessity for lifting the debt limit. However, there are two ways to balance our budget. One is by deficit spending; the other is by reducing public spending, so that we do not go over the present debt limit.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered. The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 3]

Addonizio	Barden	Buckley
Allen, Ill.	Belcher	Budge
Andersen	Bow	Byrne, Ill.
Arends	Brownson	Canfield

Carnahan	Jackson	Radwan
Chipperfield	Judd	Rains
Christopher	Kean	Rodino
Church	Kearney	Roosevelt
Clevenger	Kelly, N. Y.	St. George
Coffin	Knutson	Schwengel
Collier	Laird	Scott, N. C.
Cooley	Lennon	Sheehan
Cunningham,	Lipscomb	Sheppard
Iowa	McCarthy	Simpson, Ill.
Dawson, Ill.	McCulloch	Springer
Dellay	McDonough	Staggers
Dies	McVey	Talle
Dorn, N. Y.	Macdonald	Thompson,
Dorn, S. C.	Morrow	La.
Frelinghuysen	Michel	Tollefson
Friedel	Moore	Tuck
Garmatz	Morrison	Vursell
Graham	O'Hara, Minn.	Wainwright
Grant	O'Neill	Wier
Gray	Passman	Williams,
Green, Pa.	Patterson	N. Y.
Halleck	Pillion	Zelenko
Hillings	Prouty	
Hosmer	Rabaut	

The SPEAKER. Three hundred and forty-six Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

INCREASE OF THE PUBLIC DEBT LIMIT

The SPEAKER. The gentleman from Ohio [Mr. BROWN] is recognized.

Mr. BROWN of Ohio. Mr. Speaker, even at the risk of being misunderstood by some Members I want to repeat what I said in the Rules Committee, and that is that had a majority of the Members of the House voted during the past 20 years as I have voted, for economy and against certain great expenditures, our national debt would now be somewhere around \$100 billion instead of nearly \$275 billion. I realize, however, that is all water over the dam. I do, however, want to point out that there are means and methods which the Congress can and should follow to eliminate waste and extravagance in the spending of the public borrowed money which will be made available when the debt limit is raised. I refer to the recommendations of the first and second Hoover Commissions, some of which have been put into effect with resultant high savings of public moneys and by greater efficiency in the operation of some of the agencies of Government; but there are still pending in this Congress, Mr. Speaker, a great many bills to put into effect the recommendations of both the first and second Hoover Commissions which, if enacted into law as requested, in many instances by the President of the United States, would sharply cut and greatly reduce public spending, and would result in such great savings as to perhaps make it possible for us to meet the increased cost of our space age national defense without the necessity of borrowing more money, or raising taxes. This is something to which we should give our attention in the days and weeks ahead, because the people of the United States are entitled to our best effort to operate this Federal Government in this new age on a sound basis. They are demanding we eliminate waste and extravagance wherever we may find it, and that we make every effort to get greater

efficiency and economy in the transaction of the public business.

Mr. Speaker, as I said at the outset, I voted against the granting of this closed rule by our Rules Committee because, at that time, I had no definite assurance the House would be given an opportunity to vote on reducing the amount of the increase in the debt limit. Since that time I have been assured, as you heard stated here today on the floor of the House by responsible Members, that there will be an opportunity for us to vote upon a motion to recommit to reduce the increase in the debt limit to \$3 billion, rather than for the proposed \$5 billion increase now in the bill.

It is my understanding that we will have before us, when we finally come to vote upon this bill, at least three choices or ways to vote: One, of course, is to vote for the entire committee measure containing the \$5 billion increase in the debt limit; another is to vote for the motion to recommit, fixing the increase at \$3 billion; and, of course, finally just vote "No" on the whole measure. Therefore, under such circumstances, Mr. Speaker, I do not intend to oppose adoption of this rule; inasmuch as it will now be possible for the House to work its will under the limitations I have just mentioned and which I believe will give us all an opportunity to express our own convictions on the pending legislation.

Mr. TRIMBLE. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

(Mr. PATMAN asked and was given permission to revise and extend his remarks and to include extraneous matter.)

THE DEBT INCREASE BILL INVOLVES \$163 MILLION A YEAR IN UNNECESSARY INTEREST CHARGES AND APPROVES PRIVATE BANKS HAVING FREE USE OF \$3 BILLION OF TREASURY FUNDS

Mr. PATMAN. Mr. Speaker, I appeared before the Rules Committee and requested that committee not to give a closed rule on this bill, because I wanted to offer an amendment. Other Members, I think, should also have the privilege of offering amendments.

I desired to offer an amendment that would save the Government a lot of money. Under existing law the Treasury can borrow directly from the Federal Reserve banks, up to \$5 billion. That law is in effect now. Under the amendment I proposed, if the Treasury went above the \$275 billion debt limit, that money would be borrowed, through exercise of existing law, directly from the Federal Reserve System. If the whole amount were borrowed in that way, it would save the Government \$163 million a year in interest charges. I asked the committee to give me an opportunity to offer this amendment, and to extend the time of debate, which was proposed to be 1 hour. The Rules Committee did not accede to my request but, instead, has given a closed rule, although it graciously extended the time of debate to 3 hours. We will have plenty of time to talk, but we cannot vote on anything except what has been described by the gentleman from Ohio [Mr. BROWN].

THREE OF THE FIVE BILLIONS ARE FOR PRIVATE BANKS

In this bill, Secretary Anderson has really demonstrated courage. He is a courageous man. He came before the Committee on Ways and Means and said that he wanted to keep \$3½ billion on deposit in the Reserve banks and in the private commercial banks. He laid it right on the line. He did not quibble about it. In other words, he wants the Congress to endorse his placing in the Federal Reserve banks and in the commercial banks \$3½ billion. That is one of the purposes of this bill. A half billion dollars of that, I think, is necessary. Secretary Anderson needs a half billion dollars in the Federal Reserve banks, as the Treasury has had in the past, but it is unnecessary to keep \$3 billion in the private commercial banks, because the people have lent that money to the Government. The Government is paying interest on it, and for the Government to keep it on deposit with the private commercial banks, at no interest—remember not one penny of interest does the Government get—I think is wrong. This does not serve any public-interest function. The money in the private commercial banks is beyond the issuance of a Government check; it is removed from that. It has to be brought into the Federal Reserve banks before the Treasury can issue a check on it. So I say this is going away out of line, to let the banks have from three to six billion dollars on deposit all the time, money that is costing the people 3 and 4 percent interest. In other words, it is costing taxpayers \$240 million a year on \$6 billion, or \$120 million on \$3 billion—that will be the average if this bill becomes effective.

FULL \$5 BILLION OF FEDERAL RESERVE AUTHORITY IS AVAILABLE

So the question is whether we will place our approval on an announced policy to keep \$3 billion, as an average, in the private commercial banks, on which the Government will receive no interest but upon which the Government and the taxpayers will be paying interest at all times.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman from Texas knows that I have always been interested in the renewal of the act which provides that the Government can have \$5 billion outstanding at any one time. Can the gentleman from Texas tell me what use is presently being made of that ability to borrow money?

Mr. PATMAN. It has been endorsed by every Secretary of the Treasury. It has been endorsed by the Federal Reserve System and by the previous Under Secretary of the Treasury, Mr. Burgess. So, why should it not be used? Why should we take an action that will make this \$5 billion cost the Government an unnecessary \$163 million every year to carry this additional amount?

Mr. GROSS. What use is being made of that ability to borrow today?

Mr. PATMAN. Absolutely none; not one dollar's worth of securities are now

held by the Federal Reserve System under the \$5 billion direct-purchase authority. It has been used substantially in the past.

HOW TO USE BANKERS' INFLUENCE TO KEEP THE DEBT DOWN

If, in authorizing this \$5 billion increase in the Federal debt we required the Treasury to raise whatever money they do raise under this, by selling the new securities direct to the Federal Reserve System, then it will be a lot less likely that the Federal debt will be increased necessarily. Under those conditions the banks would oppose increasing the Federal debt and help us hold it down. Thereby we could have the power and the influence of the bankers of the country working to keep the debt down, instead of working to increase it. But, as the bill stands, \$3 billion of this is for the private banks, remember that, my friends, and a vote for this bill as it stands is a vote to put \$3 billion in the banks, for free use by the banks, upon which the people are paying interest.

I think that Congress is going to have to face up to this problem of the Federal debt, and make some definite plan for paying it off. We ought to work out a sinking fund plan, with a definite schedule for reducing the debt when times are good. It should have been reduced substantially the past few years, during prosperous times.

Now to make perfectly clear how I think this bill to increase the ceiling on the Federal debt should be handled, let me read from the statement I made to the Rules Committee, explaining why we should have an opportunity to amend the bill. I said:

H. R. 9955 is to authorize an increase from \$275 billion to \$280 billion in the Federal debt limit. I hope that when this committee reports the bill, it will give it an open rule, so that amendments may be made on the floor of the House.

The amendment I propose to the bill is as follows:

"Provided, That any amount of the Federal debt in excess of \$275 billion is represented by securities of the United States held by the Federal Reserve System as a result of direct purchase from the Treasury of the United States."

There are several reasons for requiring the Treasury to sell directly to the Federal Reserve System.

HOW \$163 MILLION A YEAR WOULD BE SAVED

First, this will save the Federal Government about \$163 million a year in interest charges. In the past, the Federal Reserve System has charged the Treasury one-fourth percent on such securities. This rate is in contrast to about 3½ percent which the Treasury would have to pay to sell the new securities to the private banks or the public generally. Furthermore, it does not really matter what interest rate the Treasury may pay the Federal Reserve System. The System is owned by the Government, and it pays 90 percent of its net income back into the Treasury.

AMENDMENT WOULD USE TRADITIONAL METHODS

Second, the authority for the Federal Reserve System to purchase up to \$5 billion in securities direct from the Treasury already exists, and it is traditional and orthodox. Prior to 1935 this authority was without limitation. Since 1942 the limit has been \$5 billion at any one time; and the authority has run only for periods of 2 years. But extensions of the authority have been re-

quested each 2 years, and each time the authority has been extended without objection. The present authority expires June 30, 1958, and the Secretary of the Treasury has already requested its extension for another 2 years.

Since 1954, however, the authority has not been used. At the present time, therefore, the full \$5 billion is available. But it is not likely to be used to any substantial extent unless Congress requires that it be used.

SAME PURPOSES OF DEBT INCREASE AND FEDERAL RESERVE AUTHORITY

Third, the authority for the Federal Reserve System to purchase securities directly from the Treasury has exactly the same purposes as the \$5 billion increase in the debt limit which the Secretary of the Treasury is now requesting. The Secretary of the Treasury has said that this increase in debt authority is not for the purpose of bringing about a general increase in the national debt, but for the purpose of giving him "elbow room" to manage a debt of about the present size. He has explained that the new authority is needed to smooth out the differences between the ups and down when revenues are flowing in and the requirements of the Treasury to pay its bills when due. He has given the same purposes for the Federal Reserve purchasing authority, as has the previous Secretary of the Treasury, and as has the Federal Reserve Board.

ADMINISTRATION OBJECTED TO COST-SAVINGS AMENDMENT

It is my understanding that the Treasury objected to my proposed amendment, principally on the ground that to sell securities direct to the Federal Reserve would be inflationary. Furthermore, the claim was made, I understand, that this authority for direct sales to the Federal Reserve was intended, and given, only for use in adjusting some unusual situations, and then on very short-term, day-to-day basis.

As for the argument that my proposal would be inflationary, this is a nonsensical argument for objecting to the amendment. If there were a question here, the question would be whether my proposal is more or less inflationary than each of the alternative methods which might be used for selling the new securities. More particularly, the question would be whether my proposal is more or less inflationary than the method which is most likely to be used, which is to reduce required reserves of the commercial banks—a highly inflationary method.

INFLATION IS PHONY ARGUMENT

But in any case, there are at hand several methods by which the inflationary effects can be readily controlled, or offset, or even reversed, depending upon the precise degree of credit ease or restraint which the monetary authorities wish to achieve. And, furthermore, these methods will be used in any case. For example, if the \$5 billion in additional Federal securities should be sold without reducing required reserves of commercial banks, then the effects would be highly deflationary. Are we to assume that our monetary authorities would tolerate \$5 billion of deflation in the economic posture we are in today, without acting to counter the deflation?

Assuming that my proposal would be inflationary to an undesired degree, the same methods can be used to counter that inflation. For example, the Federal Reserve Board could raise required

reserves slightly—or what is more realistic, it could refrain from lowering required reserves, as it seems about to do. Or another way of the inflationary influence could be offset is by the Treasury maintaining smaller deposits of its money with the private banks than it has been doing, and smaller than the unjustified amount which Secretary Anderson has stated the Treasury plans to maintain in the future.

HOW THE PURPOSE OF FEDERAL RESERVE PURCHASES WAS PREVIOUSLY STATED

As for the argument that the authority for the Treasury to sell securities directly to the Federal Reserve System was put into law for the purpose of day-to-day adjustments only, this argument is plainly refuted by previous statements of Secretary Anderson, by Chairman Martin of the Federal Reserve Board, and by the Honorable W. Randolph Burgess, formerly Under Secretary of the Treasury. Here is what these people have previously said the purpose of this authority is:

Hon. Robert B. Anderson, Secretary of the Treasury:

"The direct purchase authority is of important assistance to the Treasury in smoothing out the effect of short-run peaks in Treasury cash receipts and disbursements so that the disturbing effect of their flow through the banking system may be held to a minimum. Also, if the Treasury did not have the authority it would be necessary to maintain larger cash balances than is now the case.

"The authority is only used occasionally, primarily immediately preceding periods of heavy taxpayments. However, it is an essential fiscal mechanism in avoiding unnecessary strains on the money market at such times and in handling the distribution and utilization of Treasury cash balances and holding them to a minimum. Any borrowing under the authority is, of course, subject to the statutory debt limit." (Letter from the Honorable Robert B. Anderson, dated January 3, 1958, to the Honorable BRENT SPENCE, chairman, Committee on Banking and Currency, House of Representatives.)

Hon. William McC. Martin, Jr., Chairman, Board of Governors of the Federal Reserve System:

"This is an operating convenience under which the borrowing is always of a strictly temporary nature and occurs primarily in taxpayments periods. The authority has made it possible around such times for the Treasury to bridge temporary gaps between the Treasury's payment needs and its tax receipts, and in this way to smooth out some of the uneven flows of funds through the banking system and the money market that would otherwise result from the Treasury's operations.

"Avoidance, through this method of Treasury borrowing, of the sharp strains on the banking system that would otherwise arise from sudden drains on the Treasury's accounts with banks is equally as helpful to the Federal Reserve in carrying out its parallel responsibilities in the field of monetary and credit policy, as it is to the Treasury in administering its fiscal responsibilities effectively." (Statement of Mr. Martin before the House Banking and Currency Committee on February 29, 1956, on H. R. 9285, Direct Purchases of United States Obligations by Federal Reserve banks. (84th Cong., 2d sess, p. 15.)

Hon. W. Randolph Burgess, Under Secretary of the Treasury: "The primary purpose of this direct borrowing authority has been to help the Treasury and the Federal Re-

serve System work together in minimizing the disturbing effects on the economy of short-run peaks in Treasury cash receipts and disbursements, particularly around the time of quarterly income-tax payments. There short-run movements of funds are large, and precise estimates of their day-to-day patterns are often difficult. This direct borrowing authority is a useful mechanism for the Treasury and the Federal Reserve and its use has avoided unnecessary strains on the money market on a number of occasions." (Id., p. 2.)

I ask that the previous question be voted down.

Mr. TRIMBLE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

Mr. FULTON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The resolution was agreed to.

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H. R. 9955, to provide for a temporary increase in the public-debt limit.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 9955, with Mr. WRIGHT in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MILLS. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, we are considering today H. R. 9955, a bill reported by the Committee on Ways and Means last Friday afternoon after having hearings in public on Friday from about 10 o'clock until about 1 o'clock. During the course of the hearings the Secretary of the Treasury made a statement, as well as the Director of the Bureau of the Budget, and the gentleman from Texas [Mr. PATMAN].

Let me say before going into an explanation of the bill and the reasons why, I think, we must pass it, that the suggestion made by the gentleman from Texas was discussed in the committee, though—and I am not violating any confidence in saying this—no one offered his suggestion in the form of an amendment, so that there was no vote in the committee on his suggestion. It was, however, gone into extensively and information was obtained from the experts who were there with us in the executive session of the committee for that purpose. I will have a little bit more to say about his proposal during the course of the general debate.

The bill before us, I say, is very simple in its form and in its purpose. The bill would permit the Secretary of the Treasury to issue an additional \$5 billion of Federal securities, over and above the permanent debt limit of \$275 billion, for a temporary period running from the date of enactment of the legislation until the end of the next fiscal year, June 30, 1959. The Secretary, in presenting his argument in behalf of the proposed leg-

islation said that it was needed for three reasons:

First. The fact that cash balances have been running distressingly low.

Second. There is need for more flexibility, for more efficient and economical management of the debt.

Third. Even with a balanced budget there will still be large seasonal fluctuations in receipts which make operations under the \$275 billion limitation most difficult.

In the committee consideration was given not only to the suggestion made by the gentleman from Texas, but also to an amendment, made by a member of the committee, that instead of reporting the bill as introduced with a \$5 billion temporary increase, that we report the bill with a \$3 billion increase. The course of debate indicated to me, although I would not attribute any thought to any member of the committee that it was generally conceded by all on the committee who had an opportunity to hear the testimony and who participated in the executive session and that the situation at present is such that the Secretary of the Treasury cannot proceed to discharge the business before him within the debt limit presently existing of \$275 billion. Therefore the question primarily before the committee was one of the amount by which we should temporarily increase this limit, either \$3 billion or \$5 billion.

The gentleman from Ohio [Mr. BROWN], in discussing the rule, referred to the fact that it might be possible for the membership to vote on this question in connection with a motion to recommit. Therefore, in the few minutes remaining I should like to point out to my colleagues why I have reached the conclusion that the debt ceiling should be raised temporarily by \$5 billion rather than by any lesser amount.

First of all, let me tell you that when the gentleman from New York [Mr. REED] and I introduced the bills here in question, following the request from the Secretary of the Treasury that we do so, we said that we introduced the proposed legislation reluctantly because we share the thought of most Members and we do not like the facts and realities which put us in the position of believing that we cannot get by in the discharge of our responsibilities under a debt ceiling of \$275 billion, but we must recognize them for what they are.

Let me look then to see why I personally reached the conclusion that a \$5 billion increase is required at this time. In frankness, if we were legislating here only with respect to the remainder of this fiscal year I could perhaps hold out to the membership of the Committee that \$3 billion would suffice. I could perhaps have joined some of my colleagues on the Committee on Ways and Means who have said that we can get through the remainder of the present fiscal year with a \$3 billion increase. I believe that \$3 billion of additional authority might be sufficient in the present fiscal year. I fear, however, that if we do go along with the suggestion that it is said will be made maybe in a motion to recommit and pass

the legislation with only \$3 billion of additional authority, we are being unmindful of the needs that will arise in connection with the coming fiscal year, 1959, and even more with contingencies that may arise then, or may well arise within the remainder of this fiscal year.

Let us examine some of those contingencies.

The President has submitted a budget that estimates a surplus of \$500 million for 1959, and which estimates that the fiscal year 1958 will end with a deficit of \$400 million.

Mr. Chairman, that this budget is predicated upon optimism is admitted. This budget is predicated its estimates of receipts for the remainder of the present fiscal year and for the fiscal year 1959 on a degree of optimism that I hope will be achieved, but a degree of optimism which, we must recognize, is not based upon circumstances which actually exist today.

First of all, let us look at the conditions which exist today. We are in what is commonly referred to as a downturn in economic activity by the press, one which began sometime last year and is still in progress.

The receipts estimated under the budget, for the remainder of this fiscal year and for the coming fiscal year, are predicated upon an upswing in the economy, a reversal of the downtrend during the course of this calendar year.

In order to reach the level of personal income which the economic report and the budget expect, it is necessary for us to have a total of \$10 billion more of personal income, on the average, in calendar 1958 than we had for the entire calendar year 1957. There are people who will say that these estimates of business revival—of economic upturn, are too optimistic. I am not saying they are too optimistic. I do not know. But I want you to realize that the estimates of revenue in the budget are based upon optimistic assumptions for the year 1958 and not upon known conditions that prevailed at the time the budget was submitted to the Congress.

Even under these optimistic assumptions of what will happen, let us look at the budget itself which is presented to us for 1959, and said to be balanced. It calls for some \$2 billion more spending for 1959 than the budget did for 1958, but to offset a billion dollars of that additional spending we find that it is assumed that \$700 additional millions in revenue will flow into the Post Office Department upon the contingency that Congress will pass a 5-cent postage stamp in lieu of a 3-cent postage stamp.

Another \$300 million is added on the plus side to balance expenditures and on the assumption that the Congress will reduce agricultural supports to the extent of some \$300 million.

I am not saying what the Congress will do with these two items, but it is entirely possible, is it not, that instead of the budget's ending up with a billion dollars of more spending than the present fiscal year we may well end with \$2 billion more spending. That is one con-

tingency that faces us, one that we must take into consideration when we determine what actual needs, respecting the debt limit, may be.

Let us look at the second point that the Secretary makes in justification for \$5 billion additional authority. He says that he wants elbow room within which to manage the public debt. We have always given to Secretaries, regardless of party, much more elbow room than the Secretary of the Treasury has had since this temporary increase that we last voted expired on June 30, 1957.

Mr. Chairman, there have been times this fall when the cash balance within the Treasury was so low as to cause the Secretary of the Treasury to wonder whether he could get by under the existing ceiling until Congress returned in January. Now, do we do anything worthwhile by holding down the debt ceiling in such a way that the Secretary of the Treasury does not have flexibility in the handling of the public debt?

In February of this year there will be some \$14 billions of securities coming due. It is only realistic to recognize that many of the holders of these maturing securities will want cash instead of a new issue. This means we must borrow money from somebody else in order to pay the \$14 billion to pay for the securities that are coming due. In my opinion there should be enough flexibility under the debt limit to permit the Secretary of the Treasury to take advantage of such borrowing means as are in the greatest interest for the public, and not having to be caught in a position of having to issue securities for redemption purposes at a rate of interest that may not be in the best interest of the public or the Treasury. There should be enough flexibility in order that the Secretary of the Treasury can issue securities ahead of the maturity date if a better interest rate can be obtained in that way.

We do not save anything, Mr. Chairman, by putting the Secretary of the Treasury in a straitjacket. All we are doing is subjecting him to the issuance of more short-term securities, in lieu of long-time securities that are being redeemed. I would like to see more of our debt in long-term securities rather than having so much of it in short-term securities. We do not do anything in the interest of economy if we make it impractical to permit much of this debt to be transferred into other long-term securities.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Iowa.

Mr. GROSS. I regret the gentleman's committee did not see fit to make available to the Members the hearings that were held, whatever they were.

Mr. MILLS. Everybody who wanted to be heard by the committee was heard. We heard three witnesses who asked to be heard. Nobody else asked to be heard. It is not the practice of our committee to extend invitations to people to be heard before us. I am sure the gentleman knows that. I do apologize to the membership of the committee because

the hearings themselves are not available. I thought they would be available. It is to be regretted that they are not available, but frankly I am trying to do a job for your administration, if I may put it on that basis. I could make a whole lot out of this thing if I wanted to be political about it. I have no desire to be political, and I know my friend does not have any desire that I be political. I am trying to do this because the Secretary of the Treasury and the Director of the Budget have convinced me that the facts and realities are such that we are faced with a situation, and that we cannot, in the face of that situation, discharge our responsibility in the best interests of the national economy and our defense needs without going along with the case that the Secretary made.

I am not here because I like this thing. The gentleman from New York [Mr. REED] does not like it. We said at the time we introduced the bill together that we did not like this, but we wanted it clearly understood that, so far as we personally were concerned, this was no indication of any lessening of our personal desire that we economize in Government spending in every way we can economize.

Mr. GROSS. I am concerned with the flexibility of the taxpayers in the years to come, whether the youngsters of tomorrow are going to have any elbow room.

Mr. MILLS. I am no less concerned, but let me point out to the gentleman that you do not accomplish economies in Government reductions in Federal spending by maintaining the debt limit at its present level. We accomplish economy and savings by cooperative effort between the administration and the Congress to weed out those expenditures that are not essential at a given time.

We in our committee are in this position: I say to the gentleman from Iowa, we have nothing whatsoever to do, except as individual Members of Congress, with respect to appropriations. We know that the Congress has made efforts to reduce the spending of the Government as indicated by what it did in the last session, but still the President tells us that in spite of what we did—and this is not criticism of him, it is the way the thing works—that we will actually spend more money as shown by his estimates in January 1958 than he thought it would be necessary for us to spend when he sent his estimate of expenditures in January 1957.

And, in addition, I call the gentleman's attention to the fact that there will still remain, unless we rescind them, a backlog of appropriations that amounts to \$70 billion as of June 30, 1958; that must also be taken into consideration. We are faced with it.

Now, will we give the Secretary of the Treasury the authority to carry out and discharge the responsibilities we have imposed upon him of managing the public debt in the public interest and of paying the bills of the Nation when they are presented for collection? That is the issue before us today.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Connecticut.

Mr. MORANO. I wish to compliment the distinguished chairman of the Ways and Means Committee for the nonpartisan position he has taken in this matter. I also wish to commend him for the very able presentation he has made so far today.

The gentleman has referred to this as a temporary increase.

Mr. MILLS. Yes.

Mr. MORANO. How temporary is this temporary increase to be?

Mr. MILLS. My friend from Connecticut realizes that we have gotten by in years past. I think we started in 1954 to grant a temporary increase when needed. The expiration date of the last temporary increase was June 30, 1957, the public debt was then \$275 billion.

We are hopeful, of course, that this is a temporary increase but I cannot assure my friend of what lies before us in the months ahead. I cannot assure my friend that the optimism that is the foundation of the budget, with respect to the predicted economic upswing, will prove stable; I cannot assure my friend that we will not have to spend more for defense than the present budget estimates. I cannot make predictions. I can but pray to God that our hopes are fulfilled.

Mr. MORANO. In another year you may be back before us asking that the limit be increased again.

Mr. MILLS. I can assure my friend that any action by our committee in reporting to the floor of the House such a request will be predicated only upon a change of conditions as we know them today, and because the \$5 billion will not be enough. And it will not be enough if the optimism of the budget with respect both to economic conditions and spending more for defense is not justified.

Mr. MORANO. Does the gentleman hold out any hope this debt limit is going the other way and be reduced?

Mr. MILLS. The Chairman of the Ways and Means Committee as well as the members of that committee are not in a position to tell the gentleman from Connecticut what the House and the Senate may decide is a fair amount for the Government to spend in the years ahead; nor can I tell the gentleman what the position of the executive departments may be with respect to those funds made available to them. As I said, the Committee on Ways and Means is not a spending committee.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Michigan.

Mr. JOHANSEN. I observe in reading the debate in this House in past years when we proposed an increase in the ceiling a reference to the deposit of Federal funds, I believe time deposits, in various States and the possibility they offered a basis of flexibility. Can the gentleman state as to the condition with respect to those deposits now?

Mr. MILLS. It is my understanding at the moment all the flexibility we have

is approximately a half billion dollars—maybe around \$600 million.

Mr. JOHANSEN. And that includes money in the banks?

Mr. MILLS. No; there is some additional amount in the banks.

Mr. HERLONG. It is \$1,100,000,000.

Mr. MILLS. One billion one hundred million dollars is the correct figure..

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from North Carolina.

Mr. BONNER. The gentleman from Texas [Mr. PATMAN] made a statement here today, and I had hoped that the distinguished chairman of the Ways and Means Committee would answer it in some manner, that leaves an impression there is a more economical way to handle this situation than is being presented to the House at this time.

Mr. MILLS. I am always reluctant to engage in debate with my friend from Texas because he has been here so many more years than I have. He has devoted himself studiously to the subject matter of monetary policy and what constitutes good monetary policy. But let me say that there is existing authority today, voted from his committee, for the Treasury Department to make available to the Federal Reserve and for the Federal Reserve to accept securities from the Treasury Department up to the amount of \$5 billion. My understanding has always been it was never intended when we granted that authority that it was to be used promiscuously. It was to be used in emergencies and then only on a sparing day-to-day basis. What the gentleman from Texas suggests, whether he intends it or not, would result in a rapid expansion of the availability of bank credit. That may be what he has in mind. I think it is a serious and grievous error for the Congress to superimpose its own thinking on the Federal Reserve Board and the Treasury Department as to when this should be done and the conditions under which it should be done, because if we bind them in an inflexible position we run the risk of creating great danger in the too rapid expansion of bank credit.

Mr. BONNER. That is the position the Treasury Department finds itself in now.

Mr. MILLS. I have always been told that in handling the public debt it is highly inflationary to put very much of your public debt into banks or into the Federal Reserve System, that it is much better and in the best public interest to have that debt held largely by individuals.

Mr. BONNER. But the public will read the statement of the gentleman from Texas [Mr. PATMAN]. I think this debate is very wholesome.

Mr. MILLS. I agree with the gentleman.

Mr. BONNER. Do I understand now that this raising of the debt limit is a temporary matter and will only last so long?

Mr. MILLS. Let me be frankly honest with my friend from North Carolina and everybody else. We are presenting it to you as a temporary proposition to expire June 30, 1959. But, when debt is once incurred, it becomes permanent unless we can pay it back. Now, let us be perfectly honest about it. I hope it is temporary. The Secretary of the Treasury has expressed his hope that it will be temporary.

Mr. BONNER. This would only last so long?

Mr. MILLS. Yes. But, the gentleman knows, if we come to June 30, 1959, and we owe \$280 billion, it must be paid.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, I certainly wish to compliment the distinguished chairman of the Committee on Ways and Means for the explanation he has made here today, and I certainly intend to go along with the legislation. But, there is one thing in my mind that I feel he should explain to the House. Inasmuch as the amount of the national debt has not increased, supposedly, since 1955 and since the fiscal year 1955 up through the fiscal year 1958, according to the President's own budget, the interest rate on the national debt has increased more than a total of \$4 billion, I would love for the gentleman to explain what brought about the increased interest payments to the membership of this House.

Mr. MILLS. If my friend from Kentucky will pardon me, I do not want to inject the matter of interest into this discussion, because we are thinking here in terms of the amount of securities involved and what is needed to permit their management.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Iowa.

Mr. GROSS. In connection with the act to which the gentleman from Texas [Mr. PATMAN] referred, providing for a \$5 billion cushion for the Treasury, is it not a fact that that was designed for short-term credit rather than long-term credit, but there is no prohibition in that

act which prevents it being used for long-term credit purposes?

Mr. MILLS. I would not for 1 minute deny the right that exists under existing law for the Treasury to sell securities to the Federal Reserve. What I find wrong with Mr. PATMAN's suggestion is the rigidity of the proposal.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. I think there must be a misunderstanding about the \$5 billion that the gentleman from Texas was talking about. I think there may be a feeling here that that is borrowing authority outside of the debt limit, and it is not. That \$5 billion is within the present limitation of \$275 billion.

Mr. MILLS. That is right.

Mr. BYRNES of Wisconsin. And that makes a big difference.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. I understand that every year for the past 4 years—at least I have been told many times—we have had a balanced budget. Now, if the budget has been balanced in the last 4 years, how does it happen that the debt limit continues to go up?

Mr. MILLS. The gentleman recognizes that we granted a temporary increase in the debt limit 3 times since this administration came into office. That was to permit the elbowroom that I talked about here earlier today. There are times in the course of a fiscal year when you take in money at a more rapid rate than other times. But, the gentleman knows that the expenditures by the Federal Government are a regular thing, month by month, week by week, and day by day, so that there will be periods of time when the Treasury is running into the hole because money is not coming in and expenditures are being made to meet due obligations. There are other times when your money is coming in much faster than expenditures are being made, and there will be very wide variations in the amount of the debt within a fiscal year.

Mr. ABERNETHY. But we still have a balanced budget.

Mr. MILLS. Yes.

Mr. Chairman, in completing my statement I would like to read into the record of this debate the history of the debt limitation as prepared by the Treasury Department.

Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—History of legislation

Act—		
Sept. 24, 1917:		
Sec. 1 (40 Stat. 288) authorized bonds in the amount of.....		¹ \$7,538,945,400
Sec. 5 (40 Stat. 290) authorized certificates of indebtedness outstanding (revolving authority).....		² 4,000,000,000
Apr. 4, 1918:		
Amending sec. 1 (40 Stat. 502) increased bond authority to.....		¹ 12,000,000,000
Amending sec. 5 (40 Stat. 504) increased authority for certificates outstanding to.....		² 8,000,000,000
July 9, 1918, amending sec. 1 (40 Stat. 844) increased bond authority to.....		¹ 20,000,000,000
Mar. 3, 1919:		
Amending sec. 5 (40 Stat. 1311) increased authority for certificates outstanding to.....		² 10,000,000,000
New sec. 18 added (40 Stat. 1309) authorized notes in the amount of.....		¹ 7,000,000,000
Nov. 23, 1921, amending sec. 18 (42 Stat. 321) increased note authority to outstanding (establishing revolving authority).....		² 7,500,000,000
June 17, 1929, amending sec. 5 (46 Stat. 19) authorized Treasury bills in lieu of certificates of indebtedness, no change in limitation for the outstanding....		² 10,000,000,000

Footnotes at end of table.

Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—History of legislation—Continued

Act—Continued

Mar. 3, 1931, amending sec. 1 (48 Stat. 1506) increased bond authority to.....	¹ \$28,000,000,000
Jan. 30, 1934, amending sec. 18 (48 Stat. 343) increased authority for notes outstanding to.....	² 10,000,000,000
Feb. 4, 1935:	
Amending sec. 1 (49 Stat. 20) limited bonds outstanding (establishing revolving authority to).....	¹ 25,000,000,000
New sec. 21 added (49 Stat. 21) consolidated authority for certificates and bills (sec. 5) and authority for notes (sec. 18). Same aggregate amount outstanding.....	² 20,000,000,000
New sec. 22 added (49 Stat. 21) authorized United States savings bonds within authority of sec. 1.	
May 26, 1938, amending secs. 1 and 21 (52 Stat. 447) consolidated in sec. 21, authority for bonds, certificates of indebtedness, Treasury bills and notes (outstanding bonds limited to \$30,000,000,000). Same aggregate total outstanding.....	² 45,000,000,000
July 20, 1939 (53 Stat. 1071), amending sec. 21 removed limitation on bonds without change total authorized outstanding of bonds, certificates of indebtedness, Treasury bills and notes.....	² 45,000,000,000
June 25, 1940 (54 Stat. 526), sec. 302, sec. 21 of the Second Liberty Bond Act, as amended, is hereby further amended by inserting "(a)" after "21." and by adding at the end of such section a new paragraph as follows:	
"(b) In addition to the amount authorized by the preceding paragraph of this section, and obligations authorized by sections 5 and 18 of this Act, as amended, not to exceed in the aggregate \$4,000,000,000 outstanding at any one time, less any retirements made from the special fund made available under section 301 of the Revenue Act of 1940, may be issued under said sections to provide the Treasury with funds to meet any expenditures made, after June 30, 1940, for the national defense, or to reimburse the general fund of the Treasury therefor, any such obligations so issued shall be designated 'national defense series'."	² 4,000,000,000
Feb. 19, 1941 (55 Stat. 7), amending sec. 21 to read "Provided that the face amount of obligations issued under the authority of this Act shall not exceed in the aggregate \$65,000,000,000 outstanding at any one time." Eliminates separate authority for \$4,000,000,000 of national defense series obligations.....	² 65,000,000,000
Mar. 28, 1942 (56 Stat. 189), amending sec. 21 increasing limitation to \$125,000,000,000.....	² 125,000,000,000
Apr. 10, 1943 (57 Stat. 63), amending sec. 21 increasing limitation to \$210,000,000,000.....	² 210,000,000,000
June 9, 1944 (58 Stat. 272), amending sec. 21 increasing limitation to \$260,000,000,000.....	² 260,000,000,000
Apr. 3, 1945 (59 Stat. 47), amending sec. 21 to read: "The face amount of obligations issued under authority of this Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), shall not exceed in the aggregate \$300,000,000,000 outstanding at any one time."	² 300,000,000,000
June 26, 1946 (60 Stat. 316) amending sec. 21 decreasing limitation to \$275,000,000,000 and adding, "the current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder thereof shall be considered, for the purposes of this section, to be the face amount of such obligation".....	² 275,000,000,000
Aug. 28, 1954 (68 Stat. 895), amending sec. 21, effective Aug. 28, 1954, and ending June 30, 1955, temporarily increasing limitation by \$6,000,000,000 to.....	² 281,000,000,000
June 30, 1955 (69 Stat. 241), amending Aug. 28, 1954, act, by extending until June 30, 1956, increase in limitation to.....	² 281,000,000,000
July 9, 1956 (70 Stat. 519):	
Amending act of Aug. 28, 1954, temporarily increasing limitation by \$3,000,000,000, for period beginning on July 1, 1956, and ending on June 30, 1957, to.....	² 278,000,000,000
Effective July 1, 1957, temporary increase terminates and limitation reverts, under act of June 26, 1946, to.....	² 275,000,000,000

¹ Limitation on issue.² Limitation on outstanding.² Limitation on issues less retirements.

Mr. REED. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I join with my distinguished colleague and chairman, the gentleman from Arkansas [Mr. MILLS], to urge the membership of this distinguished Committee to support the passage of the bill H. R. 9955 to provide a temporary increase of \$5 billion in the statutory debt limit.

I want to say here that I deplore the fact that we have to do this, but I believe it is absolutely essential to do it if we are going to play fair with those who are managing our debt.

This legislation was requested by the administration to authorize a temporary increase of \$5 billion in the public debt. Under the legislation the existing public debt limit of \$275 billion would be increased immediately upon enactment of the bill to \$280 billion for a period ending on June 30, 1959.

As the membership of this Committee knows, this legislation was recommended in the President's budget message to the Congress and in addition its enactment was ably supported by the distinguished Secretary of the Treasury and the distinguished Director of the Bureau of the Budget who appeared before the Committee on Ways and Means in public hearings on January 17, 1958. To report in summary form to the membership of this Committee on the substance of the testimony before the Committee on Ways and Means by the administration spokesmen I will state that the following points were made: First, the cash balance position of the Treasury is such as to render it difficult for the Federal Government to at all times meet its obligations as they come due; second, the narrow margin between the actual public indebtedness and the statutory limit tends to deny the fiscal flexibility necessary for the efficient and most economical management of the debt; third, Federal receipts are seasonal in nature and do not uniformly correspond to the less seasonal character of expenditure outgo;

and fourth, the increase in the debt limit does not constitute authorization for increased spending and the administration will maintain maximum vigilance in endeavoring to safeguard against any expenditure of public funds that is not absolutely essential to the public welfare and security.

In connection with the implication in the last point I enumerated I would like to state that the need for considering this legislation implies in effect a day of accounting for the traditional spenders in congress and elsewhere in our Federal Government. The need for this legislation today cannot solely be attributed to today's circumstances but instead reflects more basically the evils of the past 25 years of an ever-increasing Federal bureaucracy and the adherence to the fallacious philosophy that in peace as well as in war the Government can spend the taxpayers' dollar more prudently than the taxpayers can himself. We should all realize that as we increase the public indebtedness we are assuring to future generations an onerous tax burden that will not be of their own creation.

During the course of the public hearings on this legislation the membership of the Committee on Ways and Means made searching inquiry of the Secretary of the Treasury to determine whether or not a lesser amount of increase than the \$5 billion provided for in this bill would not be sufficient to deal with the current fiscal situation. Secretary Anderson convincingly made the point that the contingencies of our debt and fiscal management fully warranted and even necessitated the granting of the amount provided for in H. R. 9955. One of the contingencies cited by Secretary Anderson that I believe particularly impressed the committee was the prospect of the sudden need for fully exploiting a possible scientific or technological breakthrough in our defense effort that would occasion the need for this flexibility in debt management.

I am convinced that the members of the House are sufficiently aware of the record of public service rendered by my distinguished chairman, the gentleman from Arkansas [Mr. MILLS], and myself to know that we would not be here today advocating this legislation if we were not convinced that its enactment by the Congress was essential to the welfare and security of our Nation.

Mr. Chairman, these matters probably have been mentioned, although I was called away and could not be here in the early part of the debate to hear the gentleman from Arkansas [Mr. MILLS]. However, there are a few points we should keep in mind. I do not believe anybody in the House would want a situation to arise where the Government could not meet its obligations, could not meet its payrolls. You can imagine the effect that either of these consequences would have on the country at large and on our banks. It would simply frighten the people to find their Government unable to meet its obligations.

I do not know whether this point was brought out or not, but in a transit strike such as occurred in New York where the payroll checks were held up, where money that should come in does not come and obligations are due and have to be met, you have a situation where the Treasury finds itself short a billion or two billion dollars. There are many other contingencies that could arise that would throw us into a rather chaotic situation. So we ought to listen to the Secretary of the Treasury, who has the responsibility of managing the public debt.

Another thing I want to call to your attention is this: It will not be long before there will be bills before this body to increase foreign-aid programs. When you stop and think of the situation where our public debt is greater than the combined debts of all the other countries we are helping with foreign aid, I think it is time we stop and do something for our own people here at

home. We ought to cut down on our liberality in foreign aid.

There are many other situations and contingencies that may arise. You will have the trade agreement bill up in this body. Think of the unemployment that is going on. In one case alone 17,000 people are out of employment because of the steel shipped in here by Japan. If our steel companies cannot meet the situation, what industry can? You will find that there is not a congressional district today that is not suffering from unemployment because of the imports that are pouring into this country. Why are they pouring in? Because we have spent \$60 billions in one form or another in foreign aid, and that meant the retooling of factories in the various countries of the world that compete with us.

We have to do a little bit of thinking, as I said before, about our people here at home. They have been carrying this burden and have been very patient. We have to assume the responsibility of stopping this matter of pouring money into situations abroad which are not necessary, as many of you know who have been abroad. You know that foreign-aid money is not being wisely spent. You know that great projects have been promoted abroad that are of no use at all to these foreign countries and to the welfare of their peoples. It is just spending money, any way to spend money.

It has to be stopped, and there is only one solution to achieving tax reduction, just one, and that is to stop the spending. When we begin to slow down the spending we will find ourselves all right.

Also, Mr. Chairman, we will find ourselves picking up economic vitality when we enact legislation that gives a little tariff protection against all these shipments that are pouring into this country.

I thank you for your patience in listening to me. I think I have a record for economy since I have been in this Congress. I think all told I have voted against more than \$68 billion in unwarranted spending in this House. I think we would have been in pretty good shape if we had been a little more prudent in looking after our own people.

Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Chairman, first I want to say how proud I was of the demonstration put on by our new chairman, and the very forceful and very powerful argument he made for what I consider a rather weak program.

I also want to say that our ranking member did about as good a job as could possibly be done along that line, because in my opinion raising the debt limit is a very foolish move. There is not one of us that does not know that the spenders are in the saddle and have been for the last 15 or 20 years.

Mr. FORAND. Mr. Chairman, will the gentleman yield?

Mr. MASON. I cannot yield at this time.

When I say "the spenders are in the saddle," I mean the New Deal spenders and the modern Republican spenders;

and I am not throwing any aspersions upon the President. But I do want to say that if this House had not listened to the spenders in the last 15 or 20 years, our debt limit would not have been over \$100 billion. Instead of that it is approximately twice as much as all the countries of Europe put together owe; and it is time for us to call a halt. Refusing to raise the debt limit is one way to call a halt.

Mr. Chairman, the President has asked the Congress to raise the national debt limit from \$275 billion to \$280 billion. This simply means he is asking us to increase the borrowing power of the administration by \$5 billion so that his "spenders" will have that much more to spend if they feel they need to do so. It means the administration then will not need to live within its income of 75 billion—the largest income Uncle Sam has ever enjoyed. It means also that the present administration has no intention of adopting the money-saving Hoover recommendations nor of reducing the foreign aid program.

I was 1 of the 3 members of the Ways and Means Committee who voted against this proposal in committee. I will be one of the minority to vote against it on the floor. As a nation we can and should live within our income just as the great majority of the American people live within their incomes.

Mr. Chairman, if this Congress would just do two things—namely, adopt the Hoover recommendations, and stop giving out foreign aid—we could save \$10 billion a year. That would make possible a tax cut of \$5 billion, a payment on the national debt of \$3 billion, and we would still have \$2 billion extra for needed national defense.

Mr. FORAND. Mr. Chairman, I yield such time as he may desire to the gentleman from Georgia [Mr. FORRESTER].

(Mr. FORRESTER asked and was given permission to revise and extend his remarks.)

Mr. FORRESTER. Mr. Chairman, today we are confronted with the request of our President and Commander in Chief that we raise the national debt limit five additional billion dollars.

Today, I will cast my first vote to raise the national debt limit. Twice before have I voted on the issue of whether or not the debt ceiling would be raised, and each time I voted "no." I distinctly recall voting against raising the debt ceiling on July 31, 1953, and speaking on this floor against that proposal. On another occasion I voted against raising the national debt limit.

I well recognize the grave danger in my vote today. I am voting to raise the ceiling now only because I am of the opinion that our Nation faces the gravest dangers ever confronting the human race. I am voting to raise this ceiling on the premise that our leaders in both parties will realistically and immediately start a program to build intercontinental missiles, satellites, submarines, planes, and speedily accomplish scientific achievements that will insure the protection of our citizens, our Nation, and our philosophies, and will proceed to win this race against death that Russia is so relentlessly waging. If our leaders will

bend their backs and give their hearts and souls to this serious task, we can and will win this race.

Mr. Chairman, this serious dilemma does not stem from a shortage of scientists, nor from alleged deficiencies in our schools as some persons claim they have suddenly discovered. We have sufficient scientists who are dedicated. I do not share the view that it is necessary for us to restore any scientist to the job of developing weapons that will destroy the human race, when that scientist for many years associated with Communists and married the widow of a Communist.

I do not share the view that our high schools have fallen down on the job. On the contrary, I think that our schools have performed magnificently. I well understand that some of our fine young high-school pupils select easy courses when they have preferences as to what courses they will pursue. No school or teacher can be criticized for such decisions, however, because actually those are decisions that the parents should diligently work out with their children, to the end that they would aspire to take subjects that, although harder, would insure their making a contribution to their country and to the world.

Actually, I think that our public schools have no problems that a little more money from the State level would not cure. I believe that most of the respective States can furnish that money now. I am confident that if the Central Government could reduce the taxes a little in order that the States might use that released taxation for education, our schools would surprise everyone with the type of students they turn out.

No, Mr. Chairman, our dilemma does not stem from a shortage of scientists or from real deficiencies in our schools and teachers. The unpleasant truth is that this dilemma that we find ourselves in is directly traceable to the fact that some leaders in both of our major parties have for the past 3 years been engaged unwittingly in the social revolution stirred up by minority groups, not realizing perhaps that this social revolution was originally conceived by the Communists. For the past 3 years civil-rights legislation was designated as the No. 1 business of the present national administration and by some leaders of both major parties.

I sincerely hope that those leaders were listening in on television last Saturday night when Mike Wallace interviewed John Gates, a Communist and the former editor of the Daily Worker. If they were listening, they heard John Gates take the credit for this movement and give it to the Communist Party. John Gates affirmatively said the credit belonged to the Communist Party, failing only to say that the Communist Party started this agitation for the express purpose of dividing our people.

Mr. Chairman, this emergency is going to last a long time. We have no other alternative except to face this appalling fact. Anyone advocating all-out war now is a menace to the world. Any person with ordinary sense is bound to know that an all-out war would virtually destroy civilization. In order to prevent this war, we must be stronger than our

adversaries. Since we confront these awful truths, never has it been so necessary that for every dollar spent, we get a dollar's worth of implements or service. I sincerely hope, Mr. Chairman, that each and every person entrusted with the spending of defense money will understand that he is the guardian of that trust set up for the purpose of preserving everything precious to all humanity everywhere.

Mr. FORAND. Mr. Chairman, I yield 10 minutes to the gentleman from Florida [Mr. HERLONG].

(Mr. HERLONG asked and was given permission to revise and extend his remarks.)

Mr. HERLONG. Mr. Chairman, I listened to all the testimony that was presented to the committee on the proposed increase of the debt limit, and I am convinced that we cannot get along with only increasing it \$3 billion; I am convinced that the full \$5 billion increase contained in the bill is necessary; and I am speaking as one who is not given to loose action with the taxpayers' money. I think you know my reputation in that regard.

I know you have heard the question asked: What would happen in the event we do not pass this bill as it is drawn today? It simply would mean that the Government would have to postpone paying its obligations.

If we want to call a halt to the spenders—and I should like to call a halt to the spenders, my friends—but I believe the time to call a halt to the spenders is when the appropriation bills come up, then we should cut off or postpone a lot of appropriations.

To postpone the payment of our obligations would cause the world to say we were welshing on our obligations. We cannot do that; we cannot be in the position of postponing our obligations.

Some people have the impression that by failing to pass this bill we would save money. Again, that is not a factual belief. We would not save money, as a matter of fact it would cost us more money.

Testimony was given to the committee by the Secretary of the Treasury to the effect that the debt limit has forced the Government in the past 7 months to resort to more expensive financial practices. Let me give you two examples of how that has cost us money.

Last fall the Federal Government borrowed nearly \$2 billion through the Federal National Mortgage Association to keep this borrowing outside of the debt limit. This involved an extra cost of about one-half of a point in interest over the rate on direct borrowing, or a cost of \$10 million in interest on that 1 transaction alone.

Another example: Contractors were encouraged to use their own financial resources to finance work in progress rather than to use Government progress payments; because, again, the Treasury had to postpone its obligations to keep from going over the debt limit. Assuming that \$200 million payments were postponed for 6 months in this way, then the contractors would have to be compensated for the extra interest cost of the money

which would be at least another \$3 million more than the cost of the same borrowing by the Federal Government.

So while it is easy to say: "Hold them down," we will not save any money by failing to increase the limit.

And then you heard the gentleman from Mississippi [Mr. ABERNETHY] ask the question: "Why does the national debt continue to be raised each year when we have had a supposedly balanced budget?"

The reason for these recent extensions of the debt limit is that the revenues come in most heavily in the latter half of the fiscal year and expenditures must be met evenly through the year. This means that the debt is higher in the winter months than at the end of the fiscal year.

While the debt at the end of the fiscal year has not increased significantly in recent years I would like to emphasize that the debt has been drastically reduced compared to our national ability to pay. In 1946 when the debt limit was set at \$275 billion the public debt stood at 132 percent of the gross national product. Presently the debt stands at only 63 percent of the gross national product.

I might say that the problem with which the debt limit is mostly concerned is the enormous backlog of appropriation authority. The budget document estimates that at the end of the present fiscal year there will be an accumulation of \$70 billion of unspent appropriation balances.

A few years ago that amount was about \$100 billion. The balanced budget that we have each year is a comparison of estimated cash expenditures as against estimated revenues. The national debt is our cash situation. We are continually spending money actually that has been appropriated in recent years. The debt limit, however, prevents the administration from suddenly spending, say, \$10 billion, from this backlog above the amount of planned expenditures in the budget document.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. HERLONG. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. If that be true then it is not correct to say that we have a balanced budget. If we have been appropriating more and spending more than has been taken in, then the budget has not been balanced.

Mr. HERLONG. There was a backlog several years ago of fifty-five to sixty billion dollars in the Defense Establishment alone which had been appropriated but not spent. That is down. We are spending what has already been appropriated.

Mr. ABERNETHY. I always understood that a balanced budget was the result of income equaling outgo, or vice versa.

Mr. HERLONG. We have two budgets. We have an estimated budget and an actual cash budget.

Mr. ABERNETHY. If we have 2 kinds of budgets, do they consist of 1 that shows the real thing and the other a political budget?

Mr. HERLONG. No. The budget presented to the Congress is an estimate, as the gentleman knows.

Mr. ABERNETHY. Still the budget has been balanced?

Mr. HERLONG. On the basis of estimated revenue as against estimated expenditures.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. HERLONG. I yield to the gentleman from Michigan.

Mr. JOHANSEN. In view of this carryover of previously appropriated funds, then is it not true the decision as to whether we are going to create a situation requiring an increase in the debt ceiling is a decision that is essentially administrative rather than legislative, because the decision as to the amount and the rate of spending of this previously appropriated money is basically an Executive decision; is that not correct?

Mr. HERLONG. It is principally up to the Bureau of the Budget and the Executive to determine when that money is to be released, but they can release no more than they can obtain from the revenues and under the debt ceiling.

Mr. JOHANSEN. If the decision is made that we have to step up expenditures two or three billion dollars more, it is entirely believable we might be faced with a new and further request for raising the debt ceiling?

Mr. HERLONG. Yes. That is why I do not want to hamstring us with a \$3 billion increase at this time.

Mr. JOHANSEN. One of the parts of the problem that faces us is this vast carryover of previously appropriated funds?

Mr. HERLONG. There is always a carryover of previously appropriated funds. The necessary lead time on defense contracts and things like that causes it. That is going to continue to be at a pretty high level for some time.

Mr. JOHANSEN. The more that carryover the more the potential problem; is that not correct?

Mr. HERLONG. That is true.

Mr. REED. Mr. Chairman, I yield such time as he may desire to the distinguished gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Chairman, the addresses by the distinguished gentleman from Arkansas and the distinguished gentleman from New York have practically exhausted this proposal because those gentlemen have covered every phase of the problem.

However, there is one thing that should go in the Record at this time and that is this little bill itself to see what it does. It is the best argument in favor of its passage. The bill provides:

Be it enacted, etc., That, during the period beginning on the date of the enactment of this act and ending on June 30, 1959, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act, as amended, shall be temporarily increased by \$5 billion.

It does not say how it is going to be spent or what is going to become of it. As a matter of fact, they already owe it. So, I say, that explains itself. We are

doing today what we ought to do; just exactly what we ought to do, and I do not see how you can get around it. We have to pay, but we do not have to pay forever. This is limited to the period ending June 30, 1959, and the limit is prescribed. It is not such a terrible bill either way, and I am glad that it is not, because I want to support it.

Mr. REED. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SIMPSON].

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I rise to support this bill. At the outset I would like to commend the chairman of our committee, the distinguished gentleman from Arkansas [Mr. MILLS]. As our new chairman he has already demonstrated that he will give our committee excellent leadership, and I am sure the information he will bring to the House from time to time will be in accord with the facts. Keeping in mind the distinguished gentlemen who have preceded him as chairmen of the committee during my membership and with the greatest of respect to them, I do commend the gentleman from Arkansas to this body as a worthy successor to them.

Mr. Chairman, I am pleased to join with the gentleman and others who see fit to support this piece of legislation. I am really not troubled about it as some of my good friends are, for the principal reason that I do not see much in it beside the making certain that we do have the dollars to pay the bills, the bills being the obligations that you and I create. They are not bills that are created by somebody downtown. They are not bills that are created by some entity called an administration. They are bills that are created by the membership of the Congress. While it is true that the Democrat Political Party controls the House and the Senate and thereby is in the majority in creating these spending obligations and that we are now creating the means by which they are to be paid, it is not political when I say that this is legislation that has to be passed, a bill presumably for the advantage of all the American people. And, keeping that in mind, I just cannot see any real objection in following good financial policies and providing the money to pay the bills. Really, it is rather analogous to any one of us going to a bank to have the board of directors of the bank allow us a line of credit so that we may, as the exigencies of the situation require, and as we need the money, go to the bank and borrow according to our business requirements. That, I say, is what we are doing here.

Now, it was argued that if we are lax and permit too great authority in these respects, there might be an attempt to waste money; that the administration, recognizing that it has more borrowing power, might see fit to cause wasteful and useless expense. I am not troubled that way, for I repeat that the present situation is in the hands of the Congress.

Now, secondly, we are told by the Secretary of the Treasury and by the Director of the Budget that in view of the narrow cash margin within which the administration must operate today, the problem of the spending obligations

coming in faster at certain times of the year in comparison with the tax dollars that are coming in from the taxpayers makes the need for this legislation particularly acute.

So I repeat, all we will do under the pending legislation is to provide an area within which, if the spending obligations are created by the Congress, the money may be secured at the lowest possible interest rates so that the security of the country, financial and otherwise, may thereby be maintained.

Mr. Chairman, it is to be regretted that debate on the legislation before this committee, H. R. 9955, providing a temporary increase in the statutory debt limit should be made the occasion by some of my Democrat colleagues for what might be characterized as uninspired politically motivated remarks about the conduct of our Nation's fiscal affairs. My regret stems from the awareness that this legislative measure presently under consideration is necessary to the economic and military strength of our Nation. To disregard facts in the manner some of my Democrat colleagues have done under these circumstances is to fail to bring to the consideration of this legislation the mature judgment and evaluation that it requires.

The partisan attack made by my Democrat colleagues requires answer and I will endeavor to answer the charges accurately and without distortion by examining the record.

When the present Republican administration assumed office the national debt was rising steadily under the impact of heavy Government spending. The Republican administration inherited a spending program created by the Truman administration that called for a \$9.4 billion budgetary deficit for the fiscal year ending in June 1953 and the public indebtedness exceeded \$266 billion. Moreover, the Truman budget submitted to the Congress in early January 1953 projected even higher Government spending with an estimated deficit of \$9.9 billion for fiscal year 1954. If the Truman proposed deficit had been allowed to occur in 1954, the public indebtedness would have been \$276 billion on June 30, 1954. In addition to these scheduled budgetary deficits that the Republican administration inherited from the Truman administration, the Republican Party also was confronted with \$80 billion in unpaid obligations and spending commitments that it had been bequeathed by the defunct Truman administration.

The advent of the Republican administration brought into being an immediate program to effectively cope with the chaotic condition that existed with respect to our Federal fiscal affairs. The proposed deficit of almost \$10 billion that had been projected by the Truman administration for fiscal 1954 was reduced to an actual deficit of \$3.1 billion. As a result the public debt under the Eisenhower administration on June 30, 1954, was \$271 billion instead of \$276 billion as had been planned by the Democrat Party.

The balanced budgets actually experienced in fiscal years 1956 and 1957 and

the projected balance in 1959 mean that the debt is no longer rising, other than for seasonal fluctuations. The debt in June 1959 is expected to be substantially the same as the low point reached in June 1957. The goals of a balanced budget and substantial tax reduction which the Republican Party established for itself in the pre-1952 election campaign have been in part fulfilled. That the Republican Party will effectively seek to further the realization of these goals is a firm commitment that the people of our Nation know will be honored when the security and economic well-being of our Nation will permit.

Mr. Chairman, I will at this time as part of my remarks include a summary of budgetary data covering the fiscal years 1946 through 1959 which I am confident will be of considerable interest in demonstrating the marked superiority of the Republican Party over the Democrat Party in handling our Nation's fiscal affairs.

Federal Government budget picture, fiscal years 1946-59

[In billions of dollars]

Year ending June 30—	Receipts	Expenditures	Surplus (+) or deficit (-)
1946.....	39.8	60.4	-20.7
1947.....	39.8	39.0	+8.8
1948.....	41.5	33.1	+8.4
1949.....	37.7	39.5	-1.8
1950.....	36.5	39.6	-3.1
1951.....	47.6	44.1	+3.5
1952.....	61.4	65.4	-4.0
1953.....	64.8	74.3	-9.4
1954 estimated ¹	68.0	77.9	-9.9
1954.....	64.7	67.8	-3.1
1955.....	60.4	64.6	-4.2
1956.....	68.2	66.5	+1.6
1957.....	71.0	69.4	+1.6
1958 estimated ²	72.4	72.8	-.4
1959 estimated ²	74.4	73.9	+.5

¹ Budget document of outgoing administration, Jan. 9, 1953.

² Budget document, Jan. 13, 1958.

This table shows that in 3 of the 6 fiscal years under the Republican administration a budgetary surplus either has been realized or is projected. This record was achieved in the face of the greatest tax reduction enacted in the history of our Nation, in the amount of \$7.4 billion, which occurred at a time that the Republican administration was supported by a Republican Congress. Under the leadership of the Democrat Party only 3 of the previous 20 years produced budgetary surpluses, and 2 of these surpluses can properly be attributed to the Republican-controlled 80th Congress.

It is safe to say that the heavy burden of inherited spending commitments of the Truman administration were in large part responsible for causing the public debt to rise by an estimated \$5.1 billion during the first 6 full fiscal years of the Eisenhower administration. It should be noted, however, that this amount is substantially less than would have occurred if the Democrat Party had remained in power, and it is significantly less than the \$7.7 billion increase that occurred during the 6 previous years under the Democrats.

I would like to commend my distinguished colleague, the gentleman from

New York [Mr. REED], for his able remarks on this legislation. Without doubt, the gentleman from New York [Mr. REED] stands as an outstanding example as a consistent advocate of fiscal responsibility and integrity. His wisdom and judgment on fiscal matters have contributed greatly to the advancement of the national interest. It is therefore significant and should be heeded by us all that the gentleman from New York [Mr. REED] stated in his remarks today that—

The need for considering this legislation implies in effect a day of accounting for the traditional spenders in Congress and elsewhere in our Federal Government. The need for this legislation today cannot solely be attributed to today's circumstances but instead reflects more basically the evils of the past 25 years of an ever-increasing Federal bureaucracy and the adherence to the fallacious philosophy that in peace as well as in war the Government can spend the taxpayer's dollar more prudently than the taxpayer can himself.

Today we find those same traditional spenders in Congress that the gentleman from New York [Mr. REED] referred to being especially politically vocal in their criticism of the Republican administration.

On the subject of spending I presume that we can conclude that those members of the Democrat Party who today criticize the President for not proposing sufficiently high spending in his budget for fiscal year 1959 and who suggest it may be necessary to increase proposed spending by an additional amount in excess of \$2 billion are the same Democrats who only last year were claiming credit for having reduced the budget for fiscal year 1958 by amounts ranging from three to six billion dollars. By their panic induced about-face they are clearly demonstrating their undeviating allegiance to the Truman doctrine of military preparedness predicated on a feast or famine basis. It will be recalled that this Truman doctrine of totally neglecting our Defense Establishment in peacetime and then hysterically spending billions for hasty rearmament in wartime was responsible for our tragic lack of preparedness on the eve of Korea and our failure in the period from 1946 through 1952 to maintain an effective rocket and missile development program so as to keep our Nation well ahead of imperialist Russia in military research. Under the leadership of the Republican Party we have departed from the feast or famine Truman concept of national insecurity and have engaged in a soundly balanced preparedness program that finds our Nation the possessor of the most powerful military might in the world but still finds our Nation dedicated resolutely to preserving peace.

On the subject of spending, fiscal statistics clearly demonstrate the Republican superiority in promoting wise economy and gives conclusive proof to the indictment of the Democrat Party as being the profligate spenders. In the period of the Republican 83d Congress our Nation benefited from a sharply declining level of Federal spending from 1953 to 1955 and during the Democrat-controlled 84th and 85th Congresses

there has been a sharp rise in the level of Federal spending. The budget reduction in the Republican phase was approximately \$10 billion and the total increase in the Democrat phase more than exceeded that figure. The increase in the Democrat spending in the 84th Congress can in substantial part be attributed to the fact that the Democrats provided for nearly 200 new or increased programs based largely on the imposition of Federal aid programs on the States.

Again, for politically motivated reasons some of my Democrat colleagues in this chamber have undertaken today to talk about recession and unemployment. They have, in effect, charged the Republican administration with bringing about this acknowledged period of economic adjustment. These panicky exponents of rampant inflation who think anything less than a 5-percent annual increase in the cost of living is a recession have apparently forgotten the unemployment that existed in the short-lived period of peacetime during the Truman era when unemployment in February 1950 stood at 4.7 million. In evaluating the charges of these members of the Democrat Party it is well to look at the record with respect to the economic health of our Nation.

Under the Republican Party the American people have experienced a meaningful increase in spendable income, in purchasing power, and in personal economic security. The cost of living rose under the Democrat Party at an average increase of about 7 percent per year for the last 13 years that party was in power but has risen at an annual average of only 1.2 percent over the past 5 years under the Republican Party. With confidence in our Republican national leadership the business community is spending unprecedented sums on new plant and equipment providing more jobs for our American workers and increasing worker productivity so that labor's reward for its services is greater in terms of real income. The farmer who suffered from Truman inflation and Truman-induced regimentation of enforced surpluses has begun to realize a return to the economic prosperity that he so justly deserves. Farm income per worker in 1957 was \$1,920—an increase of \$209 over 1955. Farm prices have been rising moderately and more important the farmer's economic future is more secure and promising under the sound policies advocated by the Republican administration.

Our Democrat colleagues have also undertaken to comment on the interest cost attributable to the public debt. That increase in the rate of interest under the Republican Party has only been slightly in excess of three-quarters of 1 percent since the Republican Party came into power January 1953. It should be remembered that these interest payments are made to the holders of Government securities—the American people—and it is a matter of keeping faith with them that they should receive a fair interest rate on their investment. More significantly however is the fact that the interest cost was 2.1 percent of national in-

come in December 1952 and was exactly the same percentage in December 1958.

Mr. Chairman, these are some of the facts that conclusively refute the unfounded criticisms expressed by my Democrat colleagues today. These facts demonstrate the fiscal realities of the superiority of the Republican Party over the Democrat Party in conducting our Nation's fiscal affairs.

In closing let me express support of H. R. 9955 and urge its enactment as legislation that is in the national interest.

Mr. MILLS. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. PATMAN].

(Mr. PATMAN asked and was given permission to revise and extend his remarks.)

INTEREST RATE INCREASES RECORDBREAKING

Mr. PATMAN. Mr. Chairman, in the last 5 years interest rates have been increased more than at any other time in the history of this Nation. It has been estimated by statisticians and people who have given some thought and study to the effect of interest-rate increases, that the American people will pay during the year 1958 on an average of \$10 billion more in interest charges than they paid in 1952. An interest rate may seem to be rather insignificant, but when it is compounded and added clear across the board it soon becomes very great in amount.

SIXTY DOLLARS PER CAPITA INCREASE

Let us see what \$10 billion per year means. If you divide that by the number of people in the country, about 172 million, you will find that the per capita increase is \$60. This means that during this year 1958 interest costs will be \$60 more per capita, than they would have been on a comparable or equal debt in 1952. That is \$300 per family of 5. That does not necessarily mean that every man, woman, and child has to be in debt, to be obligated to pay their part of the \$60. Interest charges go into the cost of everything that people buy, or that is bought for them, and into every service for which they pay. Every time the interest rate is raised on utilities, for instance, on electric lights, water, gas, telephone, transportation—the rates go up, and the consumers pay for it. Then, of course, when the people vote city bonds for any purpose the interest rates go up on these, and the cost is in the tax bill. Interest goes into every kind of bill, including the rent bill.

So there are many ways the people pay this \$60 per person. It is added on to everything they buy.

As a result of the tight-money high-interest policy of the last few years, high interest rates have been woven into our economy, into our debt structure. It will take 20 or 30 years—and on some debts 40 years—to get them out. There is no way to get them out, except to pay.

BANKS HAVE PROFITED GREATLY

Because of the high-interest policy, the banks have profited more than anybody. Under this administration, every action taken in the name of fighting inflation, has been an action that increased

interest rates and made it harder to fight inflation.

HIGH INTEREST HAS CAUSED DEMAND FOR DEBT INCREASE

There were lots of ways to fight inflation, but in the last few years only one way was selected. That was a way that would give the money-lenders more interest. It is by reason of the banks' collecting all this high interest that our national debt is as large as it is today. If we had the high interest out of this national debt, it would not be even as high as \$275 billions. But now we have a bill here to raise the debt limit from \$275 billion to \$280 billions. Why? Because of high interest.

THREE BILLIONS OF INCREASE TO GO TO COMMERCIAL BANKS FOR USE

In regard to this \$5 billion increase, Secretary Anderson was very courageous and forthright as to its purpose. He came right out before the Committee on Ways and Means, when testifying for this bill last Friday, said in fact, I want this increased debt so that the Treasury can keep \$3 billion in the private banks. In table 3 attached to his forward statement, this is set out in black and white.

Why should the Treasury keep \$3 billion in the commercial banks for them to use? The banks do not pay interest for that money. But the Treasury is paying interest on it. The Treasury has sold bonds, and collected money from the people, and the bondholders will collect the interest on those bonds, while the money—\$3 billion of it—is in the banks. The banks can lend this money out and collect interest, or invest it in the very bonds that the Treasury is paying interest on, and not pay one penny of interest to the Treasury. Why should we reward the banks this way?

FOR FEDERAL RESERVE

I like the banking system, and I am a friend of the Federal Reserve System. But there are certain changes I should like to see made. I should like to get the private bankers off the policymaking boards. I do not think the bankers should have any more right to fix interest rates, to help themselves, than the railroad owners should have a right of being on the Interstate Commerce Commission to fix freight and passenger rates, to help themselves. That is an exactly comparable situation. So, the first change I would make in the Federal Reserve would be to get the bankers out of the System, keep them from running the Government's regulatory System. They do not belong on there. Outside of that, and a few other little changes, the Federal Reserve System is fine.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Kentucky.

Mr. PERKINS. I certainly want to thank the gentleman for enlightening the House. May I ask him just how much the interest rate has increased? According to the figures I have taken from the budget, the annual increase in interest charges since 1955 is \$1,431,000,000. If I interpret the various budget figures correctly and I think I do, the increased interest on the public debt since 1955 through the current fiscal

year, resulting from the tight-money policy of the administration, totals \$4,137,000,000. Supposedly there has been no increase in the public debt during that 4-year period, but the increased cost resulting from the high-interest-rate policy of the administration is alone sufficient to require an increase in the debt ceiling of \$275 billion. Why are we paying so much interest now on the same amount of debt?

Mr. PATMAN. Because the administration has deliberately caused the increase in interest rates. That is why. The service charge for carrying the national debt, caused by interest, has gone up from below \$5 billion to \$7,800,000,000. This is because many of the Treasury securities are short term, and each time they refinance it is at a higher interest rate.

Now let us make a comparison, for the purpose of bringing to your attention what this means. This national debt represents the cost of two major wars. One time we were told that men were going to sacrifice and going into the armed services at a very low wage. By reason of that we are also going to have low-interest rates, we then thought. People who would furnish the money to fight the wars were not going to be treated any better than the people who went into uniform. So, take 1952, and just before the amount that was paid to the veterans of all wars, for pensions, compensation, benefits, hospitalization, insurance, and everything else, was exactly the same as was paid in interest charges on the national debt. That was just before 1952.

But now this administration, while it is trying to lower benefits to veterans; take them off the pension rolls; and reduce their expenses here and there, it actively pursues policies to give the people who are furnishing the money, the bankers and the bondholders, more benefits. Their benefits have been increased from \$4.8 billion to \$7.8 billion for carrying the same burden—which is a 60-percent increase.

It will take us 25 to 50 years to get over this administration's high interest, hard money, policy. It will take us that long by conserving and saving and doing everything we can to pay the interest that has been unnecessarily imposed upon us. The administration, in fighting inflation by raising interest rates, is just as logical as using gasoline to try to put out a fire. Increased interest rates mean increased costs of production and distribution, and increased costs of production and distribution mean increased prices. So instead of deflating and fighting inflation by decreasing the cost of money—a major factor in all production—they have actually been feeding the flames of inflation all along. Do you need more proof? If you do, look at the record. For more than 2 years increased interest rates went into effect almost every month, and with each increase prices went higher. You might think that after trying such a program for 6 months, say, the administration would have stopped, looked and listened, and would have paid some attention to what they were causing, but no. They did not

stop. They went on 6 months more, and prices went up further. Then they pressed even harder for another 6 months more, and prices went still higher. Yet they still claim they were fighting inflation. How hypocritical! It was just the opposite of fighting inflation.

FOR BANKERS MAKING A FAIR PROFIT

Now, my friends, why should we want to reward people who have caused this interest rate inflation and who have profited by it so much? While the farmers were in a depression, small businessmen in a depression, home builders in a depression, even the railroads and now the automobile people in a depression, the bankers have been making plenty of money.

I like to see them make a fair profit. But I do not like to see them given special advantages, I like to see bankers have a fair profit, yes, and I am for a strong commercial banking system. I would like to see unit banking, instead of chain banking, I deplore the fact that there is a tendency to concentrate banking into a small number of banks. The banks should be controlled by local people in every town. I believe in a profitable commercial banking system; we have got to have it, but we do not want to permit bankers to have advantages that cause the rest of the people to suffer. We do not want to make everybody else suffer while giving the banks advantages that they are not entitled to receive.

So in this bill, Mr. Chairman, remember this, when you vote for a \$5 billion increase, you are voting to authorize Secretary Anderson to keep \$3 billion of that money in private commercial banks over the country.

When you vote for this \$5 billion, then you vote to put \$3 billion of it into private commercial banks for no good reason on earth, except that it helps the banks.

Some people will contend—I have heard them say so—that the banks render a service to the Government. Yes, they do, but they are well paid for that service. I do not want them to render any service free. But why should we put aside \$3 billion that the people are paying interest on, that the banks pay no interest on but get the free use of, to collect interest on? When you vote for this entire \$5 billion, you vote for \$3 billion to go to these private commercial banks for their use free of charge.

WILL RESERVE REQUIREMENTS OF BANKS BE RAISED?

I keep hearing that the Federal Reserve is going to lower the discount rate. May I warn you, Mr. Chairman, that instead of increasing the discount rate every time, in order to fight inflation, they should have raised reserve requirements of the banks. That would not have been a mandate to the banks to automatically, deliberately increase interest rates clear across the board.

Now, as the administration and the Federal Reserve start to fight deflation, they will say the country has to have more money. They will soon reduce reserve requirements of the commercial banks so that the banks can create more

money to buy the bonds that will be issued under this increased debt ceiling. But they will want to keep interest rates high, so they will not do much about reducing interest rates.

The Federal Reserve officials are talking about reducing required reserves of the commercial banks, to where the banks will have only a 10-percent reserve, clear across the board—country banks, Reserve city banks, and central Reserve cities banks.

Do you know what that will mean? It will mean that the banks will have \$6,300,000,000 of reserve dollars—high-powered dollars, if you please—upon which they can expand loans and investments \$10 to every \$1. In other words, it will mean they can expand their loans and investments by \$63 billion.

If the ex-soldiers were to come in here and ask for a \$3-billion bonus, they might be run out with tear gas and bayonets. But when the bankers come in here and demand a \$63-billion bonus, that will be all right; that is the bankers. And they are demanding this now, as a 5-year program, to be accomplished step by step. Remember, I am telling you that is the bankers' goal. The bankers' goal, Mr. Chairman, is for the Federal Reserve to reduce reserve requirements to only 10 percent. They will be like the goldsmith of old, who could take \$1 of gold and lend \$10 worth of money on it, on the theory that people would very seldom come back and ask for the actual gold. That is our fractional reserve system. I am not against the fractional reserve system, as such; I am for it. I just want it used in the public interest and not stretched to the point where it is in the selfish interest of a few. That is all I am objecting to. The bankers, I am telling you, will pretty soon get a reduction in reserve requirements and every time you see a dollar reduction, it means they can make loans of from 6 to 10 times on every dollar of the money that is released from the present required reserves.

The banks should not have this \$3 billion of Treasury money that they will get under this bill, that is, \$3 billion that they will get the use of and pay no interest on.

You cannot justify it, Mr. Chairman; you cannot defend it. There is no way to defend it. This is the first time the question has ever been presented definitely and positively for the Members of the House to vote on. Personally, I am going to vote for the reduction to \$3 billion. The bill really should be \$2 billion. I would vote to reduce it to \$2 billion; then the Treasury would have plenty of money, but without keeping \$3 billion in the commercial banking system, which is what I object to. You cannot justify it. There is no rhyme nor reason for it. It does not make any kind of sense—common, book, or horse.

So I ask the Members, Mr. Chairman, to vote for the reduction.

Mr. REED. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Chairman, I take this time, first, to express my support of this bill, H. R. 9955, and

to commend the chairman of our committee and the ranking minority member thereof for their clear exposition of what this bill is all about.

Mr. Chairman, essentially this bill is a question of managing the public debt and is not in any sense involved in an economy proposition. My record is pretty well known, my views are pretty well known, in regard to appropriations. I can assure you from having studied this debt matter that actually a vote against this bill would be a vote against economy because it would cost us money if we do not provide this necessary flexibility in the management of our public debt.

I want to say, however, that those who are using this occasion to point out the need for economy in our Government are doing so quite appropriately because we are now at the point where we are totaling up what we have done. A metaphor that illustrates the point is this: You cannot stop the progress of an elevator by grabbing hold of the elevator indicator to try to stop it. That would be the effect of grabbing hold of the amount of the Federal debt and saying that by holding on to that you are going to stop the progress of the expenditures. I do say, however, that every time these matters come before the Congress it is quite appropriate to call attention, and for all of us to pay attention, to the fact this is what we have done. This is the result of the appropriating that we have been doing in the past. From that angle a review of the Federal debt serves a worthy purpose. In fact, there are those who say, "Why should we have a debt ceiling at all? What is the purpose? What purpose does it serve?" And there is some merit to that argument. I think one real purpose a debt ceiling serves is this, and a very good purpose. It requires the executive branch of the Government to come before the Congress periodically to account to the Congress for how they have handled the public debt. And, the public debt can be handled in many different ways. The distinguished gentleman from Texas [Mr. PATMAN] has his ideas of one way of handling the public debt. You can argue other ways as to how the public debt might be managed, but by coming before the Congress periodically the executive department has to account to the Congress for how the debt has been managed. So, that is one very good purpose, I submit, in having a debt ceiling.

Now, the second purpose is this: Why argue over whether it should be a \$3 billion or \$5 billion extension? I think there is a legitimate area for argument, because although you cannot effect economy through placing the ceiling on the debt at a particular point, you can give good warning and you can also force the executive, in a fashion, to be a little bit careful over the expenditure of the dollars. They have a little leeway in how they spend the money. So, it is very legitimate to go into the details of whether it should be three or five or ten billion dollars. In my judgment, and I think in the judgment of the Committee on Ways and Means, to most of us it seemed that \$5 billion was the more

intelligent figure to grant to the administration at this time. Three billion dollars would probably be uneconomic. Do not think for a minute that by voting for \$3 billion you are casting an economy vote. The issue is simply one of good debt management.

Now, to the fourth item here, the suggestion that the gentleman from Texas has made of managing the public debt through requiring or setting up a provision that some of those additional amounts be generated through the Federal Reserve banks. In essence that is no more than printing press money when you analyze it, because throwing these vast new sums into the Federal Reserve System would simply generate that much additional credit. The Federal Reserve banks already have adequate authority to provide any additional bank reserves which may be required to insure a sound financial structure. This proposal would constitute an unnecessary interference with the Federal Reserve System in the performance of its duties to influence the Nation's money supply in a way that would stimulate neither inflation nor deflation.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. The gentleman had about 20 minutes to explain his theory, and I would like to take 1 or 2 minutes to point out why it is unsound.

The first reason that I am pointing out, throwing these funds into the Federal Reserve System, in effect amounts to printing press money. It generates additional credit in the economy and so interferes with the Federal Reserve's present powers that they do have to adequately provide additional money if they see fit.

The second point I would like to make is in answer to the points made that the Government creates the interest rate. Actually, the interest rate is an economic phenomenon and not a governmental phenomenon. The Government, because it is a big debtor, has a considerable influence over this economic phenomenon, but let us not forget that essentially the Government is the tail and the private economy still, thank goodness, is the dog in our society. Just to compare the differences, our private debt is \$436 billion as opposed to \$275 billion Federal debt. So, it is not the Government that is doing this. That is essentially what the market is.

And I want to call attention to some of the economic factors which create this tight money, which is really the basis of this problem we are discussing here. We have been growing at an average rate of about 3½ percent in our gross national product each year. Today it requires about \$14,000 of investment to employ one man.

We have about 1 million men coming into the labor market each year, new employees, new men for whom we have to have jobs. If you multiply that figure by \$14,000 per man, then you get \$14 billion of new capital that we need each year in order to go ahead in this great expanding economy of ours. That money must come from somewhere and it comes in essence only from the savings of our people.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. Permit me to make one more point on this and then I shall yield to the gentleman.

The other factor lying behind this tight money situation comes from the effect of inflation on the capital accounting system of the private sector of our economy. If you put a machine on your books in 1940 costing \$100,000, to replace that machine 10 or 15 years later, in 1956 or 1957 would take \$200,000—the identical machine. That is because of inflation. But under our tax structure only \$100,000 is allowed to be retained in earnings for replacement. So that because of inflation we are now having to dig into our pockets for additional savings, almost double in amount, to replace our capital equipment. That is the other fundamental reason behind the tight money situation, which is economic and not governmental.

Mr. PATMAN. Mr. Chairman, will the gentleman yield now?

Mr. CURTIS of Missouri. I yield to the gentleman from Texas.

Mr. PATMAN. The gentleman said that the exercise of this \$5 billion authority would be like printing press money.

Mr. CURTIS of Missouri. Yes, sir.

Mr. PATMAN. How does the gentleman account for the fact that it was endorsed and recommended under the administration of Secretary Humphrey? Under Secretary Burgess endorsed it.

Mr. CURTIS of Missouri. I do not think he did.

Mr. PATMAN. And Mr. Martin, Chairman of the Federal Reserve Board, as well as Mr. Robert B. Anderson, our present Secretary of the Treasury, endorsed that method of getting \$5 billion from the Treasury. I have the testimony and I shall put it in the Record.

Mr. CURTIS of Missouri. I wish the gentleman would. I think the gentleman is in error.

One final point so that we do not becloud the issue and get to thinking in terms of big banks and little people. There is some testimony in the hearings before the Senate Committee on Finance in June and July of 1957 to which I wish to refer. This comes from the Secretary of the Treasury. On page 12 of the hearings there is a list showing who gets the interest paid on the Federal debt. Incidentally, that interest is \$7 billion.

One billion four hundred million dollars represents payment of interest to social security funds.

Six hundred million dollars of the public debt was received by the Federal banks; 90 percent of that comes back to the Federal Treasury.

One billion four hundred million dollars went to the commercial banks. That is the point that was made.

Six hundred million dollars went to other financial institutions which are mostly insurance companies and savings banks.

Five hundred million dollars went to corporations.

Four hundred million dollars went to State and local governments and about \$400 million to nonprofit institutions.

The remainder, about \$1.8 billion, the largest single segment of the interest on the public debt, went to individuals either in the form of cash payments or accumulated interest.

So let us keep this on the proper plane.

Mr. TEWES. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman.

Mr. TEWES. Because the gentleman who has the floor is known as one of the more solid thinking economists, I should like to ask him this question with regard to the remarks of the preceding speaker who is a notorious advocate of greater money. Is it not a fact that under his policy of greater money an inflationary effect is created, so that while the interest rates nominally under his policies remain the same, the individual is required to work harder and longer to pay that interest rate?

Mr. CURTIS of Missouri. There is no question that it produces inflation. I suggest if the gentleman from Texas thinks that we need more credit throughout the country, that he seek to do that through his own committee, the Committee on Banking and Currency, instead of trying to do it through the Committee on Ways and Means, which is concerned solely, as we are here, with debt management.

Mr. REED. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Chairman, listening to this debate makes me believe that it might be appropriate if we all asked ourselves, "Why do we have a statutory debt limit? Unless it is to serve some useful purpose, would we not be wiser to repeal it than be wasting time with amendments?"

If there is a purpose, it seems to me we are obliged to see whether this particular bill before us is in aid of that purpose or whether it would thwart that purpose. The gentleman who preceded me, Mr. CURTIS, suggested that one of the reasons for the limit was so that we could re-examine the operations of the Secretary of the Treasury as far as management of the debt is concerned. Frankly, Mr. Chairman, that can be done much more expediently without wasting the time of the whole Congress. We have committees that can constantly be keeping the operations of the debt management under surveillance, under check, under investigation. If the statutory limit on the borrowing authority of the Treasury has any purpose to serve, I submit it is to put a brake or a restraint on Government spending. It will not provide that restraint, however, if we continue to raise the limit without sound justification for every dollar of increase.

Let it be remembered that there is only one basic way in which the Government can pay its bills, and that is through taxes. Our concurrent expenditures will be met either out of current revenues or a combination of current revenues and interest-bearing deferred taxes, which is what borrowing actually is. In authorizing additional borrowing, what we are in effect doing is authorizing additional

taxes on future taxpayers. As a tax bill, it should require at least the same amount of justification as would be required if we were now considering a tax-increase bill, and that is all I am asking. There is no sound justification in my judgment for the full \$5 billion increase provided by this bill.

What is the justification that has been presented to us? Only that the present ceiling in view of our cash position and the demands that will be made upon the Treasury make it difficult to conduct day-to-day fiscal management affairs. Read the second page of the committee report, where there is reiterated the justification made by the Secretary of the Treasury, and that is what you will find is the fundamental justification made by the Secretary.

I concede there are difficulties, but that does not justify making it easy for the Federal Government to get started on another period of deficit financing. Part of the trouble we are in today is because Congress has made it too easy, too easy for itself and too easy for the executive branch, to increase spending and then pay the bills with borrowed money. We have been postponing the day of reckoning. It is time that we make that process of postponing and borrowing more difficult instead of easy. I will agree with all of my friends who have spoken that there is no gimmick that can force Congress to economize. Economy will come only when there is a will on the part of the Congress to do so. I think that today would not be too soon to evidence that will. We can do so by being cautious in our approach to this piece of legislation.

If we are having fiscal management difficulties, there are two ways to get out of it. Raising the debt limit and borrowing more money is only one. The other way is to cut down our expenditures, and I respectfully suggest that, instead of taking what always appears to be the easy way out, for a change we take the hard but prudent way and do something about cutting expenditures. If we vote for this increase I do not see how you can expect to make any savings. I am not talking about savings by the Executive. I am talking about savings and frugality by the Congress.

There are those who attempt to put the blame for our present fiscal situation upon the executive branch. Make no mistake about it. The responsibility for spending rests right here in the Congress. No money can be spent by the Executive unless the Congress first authorizes the spending and then appropriates the money. Because the Congress has appropriated excessively in the past, and we are today spending at a rate which puts our cash balance at an extremely low level, I think there is a demonstrated need and justification has been presented to borrow some money on a temporary basis in order to get us through the year ahead.

Let me give you the facts and figures as presented to us. These are not figures picked out of the air. They are figures presented to us by the Secretary of

the Treasury and the Bureau of the Budget. We have been operating with a cash balance of about \$4 billion. The projection of expenditures and revenues during the next year, using the Treasury and budget figures as presented to us, shows that this balance will be dangerously reduced in the coming months. For example at the worst point in the next 18 months, December 15, 1958, going on the assumption of the budget, it is expected that the public debt will reach about \$277 billion and that there will be at the same time a cash balance in the bank of \$3,500,000,000. In other words we will be required to borrow \$2 billion more than the present debt limit in order to meet the demands that will be made upon the Treasury. Also, because of certain problems inherent in refinancing the public debt, the debt outstanding at any given time is always somewhat short of the ceiling. I think therefore there is justification for giving them this leeway to operate and to take care of that situation. I think justification has been presented for an increase in the limit to \$278 billion, or an increase of \$3 billion. In other words, if we increase the debt by \$3 billion, we will have on hand at the low point, the lowest point in the next 18 months, as presented by this statement—and I regret that the table No. 3 in the Secretary's statement was not put into the committee report. To me that was the most important table presented by the Secretary. If we increase the debt by \$3 billion, we will have on hand at this low point, December 15, 1958, \$3.5 billion in cash, and unused borrowing authority of \$1 billion, or a total of \$4.5 billion.

I might add there is another \$500 million in the free gold which the Treasury can also fall back on if necessary. In my judgment that is not too difficult a situation for the Treasury to live with. They have demonstrated during the last 4 months that they can live with that kind of a balance. Why then should we give them more?

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield.

Mr. MILLS. I have this question in mind: Would not the gentleman admit that this table 3 is based upon the projections which are contained in the budget including the optimistic approach with respect to revenue at that period of time?

Mr. BYRNES of Wisconsin. I agree with the gentleman 100 percent; and that, I think, is all we should act on at this point, an amount based on what is proposed to us as the official picture for the future. If there is a change in the picture this Congress is going to be here.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. REED. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. BYRNES of Wisconsin. I know that the gentleman believes that they ought to have money for contingencies or elbow room. If you are going to do that why have any limitation and give them full elbow room? Unless the limit is going to provide some kind of a restraint,

then the debt limit will serve no real function as far as the monetary system and fiscal affairs of this country are concerned.

In cutting the \$2 billion all I am asking is that you remove the fat from the request, and I am not removing all of the fat, because, according to the table furnished by the Secretary, future requirements are based on having \$3.5 billion on deposit in banks plus \$3 billion for contingencies.

I suggest, Mr. Chairman, that \$1 billion for contingencies would be completely adequate and still not create difficulties or such severe difficulties that we could not live with them. If all of the difficulties are to be removed then we might just as well repeal the law and let the sky be the limit. As far as I am concerned there has not been any restraint on spending. If the statutory debt limit can furnish such a restraint, then let us make sure it does so. It will be my purpose, Mr. Chairman, when the proper time comes, to offer a motion to recommit with instructions to reduce the amount of the increased debt limit in this bill from \$5 billion to \$3 billion.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield.

Mr. MILLS. I want my friend from Wisconsin to know that I share the thought he has expressed. I support the need for greater economy in areas where economies can be made. But will not the gentleman admit that the debt ceiling itself cannot result in the accomplishment of economies that must be made with respect to appropriations directly? And will not the gentleman further admit that the purpose that can be served by a debt ceiling is to prevent the administration or executive departments from bringing about a radical change with respect to spending funds that have been made available? And that no material increase of any appreciable extent could occur under the \$5 billion ceiling that is suggested by the bill?

The CHAIRMAN. The time of the gentleman has again expired.

Mr. MILLS. Mr. Chairman, I yield the gentleman a minute of my time.

Mr. BYRNES of Wisconsin. I will agree with the gentleman's first premise that there is no gimmick whereby we can guarantee or force Congress to economize. Congress is either going to do it, or is not going to do it; it has control of the purse strings.

I would disagree with the gentleman that this whole operation is a matter of executive control, and that all we are doing is to exert pressure on the executive, or to make sure they do not change their spending policy, because spending policy fundamentally lies right here in the Congress. My only thought is that I believe this debt ceiling, if there is any purpose for it, should serve as a warning signal, to act as a restraint and make us stop and figure out where we are going. I do not think we can project our thinking far enough into the future to say how much we need, but I feel that \$3 billion will take care of it as far as we can see at this time.

Mr. MILLS. So far as this fiscal year is concerned I might agree with the gentleman. \$3 billion takes care of it; but we are legislating here for an 18-months period.

Mr. BYRNES of Wisconsin. But you are basing it on the President's budget and estimates, and those estimates do not show a need for a \$5 billion increase. The figures show a need for only a \$3 billion increase.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. MILLS. Mr. Chairman, I will yield the gentleman an additional minute of my time because I wanted to make the point that this \$5 billion is, as the gentleman says, based upon the budget situation. But within that situation the gentleman recognizes fluctuations occur, pointing to the fact that on December 15 of this year under the most favorable conditions it is thought that the debt might go to \$277 billion in order to have \$3½ billion on hand.

Mr. BYRNES of Wisconsin. Plus the \$3 billion for fluctuations and contingencies.

Mr. MILLS. The \$3 billion additional under the bill. What I am trying to point out is this: We can still exercise this control over any radical change in spending within the 5 billion just as we can within the 3 billion and at the same time take care of any contingencies that might arise on the basis of the optimism of this budget.

Mr. BYRNES of Wisconsin. We give them 5 billion, then we keep going and there is no requirement that Congress take another look to see where we are going and why.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the majority leader, the gentleman from Massachusetts [Mr. McCORMACK].

(Mr. McCORMACK asked and was given permission to revise and extend his remarks.)

Mr. McCORMACK. Mr. Chairman, we have listened to the many fine arguments made and many fine distinctions drawn by Members in reference to the bill before us. It seems to me that the very fine arguments that have been made and the very thin lines of distinction that have been drawn would be more applicable under normal conditions than those that face our country and the world today.

The basic question that I consider involved in this bill, and the reason why I am going to vote for it—I regret that the ceiling is not higher—is the world situation that exists. You and I know that much of the freezing or a considerable part of the freezing of the last 3 or 4 months is probably due to the fact that our Government is very close, and has been, to the debt limit. That has brought about restrictions through the freezing of appropriations and if a flexibility had existed some such action would not have been taken.

Our national debt now, as I understand it, is over 274 billion dollars. The last amount I heard was 274 billion, 300 million dollars. We have read in the newspapers of the artificial means taken

by the administration through the sale of FNMA securities and others to get enough money so that they could carry on at least the minimum functions of government during the past 3 or 4 months.

As we project our minds into not only the future but as we analyze the present, we realize that there is an extreme emergency that exists. The responsibility rests upon those of us in elective positions in the Congress and in the executive branch, the President, Vice President, and other appointed officials, to devise those policies which will be for the best interest of our country and in carrying out those policies to make such appropriations and expenditures as will assure success for the safety of our country.

The basic proposition that appeals to me is the national defense angle. It is vitally imperative that we vote this increase. If we do not do so we might place our country in a straitjacket. I think it is too great a calculated risk for me to take. I think it is too great a calculated risk for any other Member of this body to take. The question of \$3 billion or \$5 billion should not enter our minds. I think if we are going to err in judgment, we had better err on the side of strength than on the side of weakness, on the side of safety than on the side of uncertainty. I think we had better err on the side of greater flexibility in meeting the immediate task that confronts us than on the side of further restriction. If the majority party in this body and in the other body were playing politics, we would only put through an increase of \$3 billion or \$2 billion and then compel the administration to come back for more. But, I do not think that we can afford to play politics in connection with the situation that exists in the world today and which faces us. I think the \$5 billion temporary increase is the wise course and the wise step for us to take, enabling flexibility for the next 18 months, rather than for a limited period of 6 or 8 months and then compelling the administration either to come back or be forced to make sharp restrictions in expenditures that are necessary for the best interests of our country. As a matter of fact, I am of the opinion that the administration should have made its recommendation before the last session of Congress adjourned. I do not make that statement in any severe critical way but as an observation of my own opinion. I realize that a new Secretary of the Treasury came in, and being human he probably did not want one of the first actions that he took to constitute recommending such a major one as an increase, even temporary, in the debt limit. However, this is a matter that faces us now. The argument of my friend from Wisconsin and the argument of my dear friend from Texas all would be interesting and probably pertinent another day and under different conditions. But, to me, my mind is made up on the importance of the passage of this bill in connection with the future national defense of our country, and I think from that angle it is wise for us to vote for the \$5 billion rather than take any chance on any lesser amount.

Mr. REED. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, at the outset I should like to say the gentleman from Arkansas [Mr. MILLS], the chairman of the Committee on Ways and Means, that I agree with him that this matter should not be approached on a partisan basis, because it has been my observation that Democrats and Republicans share in this staggering burden of Federal debt, and Democrats as well as the Republicans likewise share in paying Federal taxes. So, this transcends any political consideration.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I am delighted to yield to my friend.

Mr. MILLS. All of us are also concerned about the welfare of the United States, regardless of party, too, are we not?

Mr. GROSS. That is right.

Mr. MILLS. Sure.

Mr. GROSS. But I do not agree that because we have gone from one emergency to another, some real and some synthetic, in the 10 years I have been in this House that we should pass this bill.

Someone spoke of a printing press bill or printing press money a little while ago. Let me call your attention to the fact that the bill that others of you voted for in the House, to provide a \$5 billion cushion for the Treasury, that is, the Treasury could have \$5 billion outstanding at any one time, was described by the late Senator Taft of Ohio, as a printing press money bill. I am one of the few that consistently opposed and voted against it. When you start talking about printing press money just remember that a number of you have voted several times for a printing press money bill to the tune of \$5 billion.

Mr. Chairman, let it be clearly understood by those who support this bill that they are simply adding more weight to the millstone of debt and inflation that already hangs heavily around the necks of the American people.

It is interesting to note that prior to World War I, public debt could be created only by an act of Congress. Prior to July 1, 1914, there could be no debt authorized by the Government except by act of Congress, which also had to specify the purpose for which the debt was created.

The statutory limit was first fixed at \$11.5 billion. If my information is correct, only twice in the years that followed has there been a reduction in the debt.

In 1953 the administration asked Congress to raise the debt limit from \$275 billion to \$290 billion. The House approved this increase by passage of H. R. 6672 on July 31, 1953. I voted against it.

However, when the bill went to the other body, and despite pleas of the administration that without a \$15 billion increase the Government would be unable to pay its bills and panic would re-

sult, the Finance Committee of the other body refused to report the bill.

What happened? The administration reduced its spending and stayed within the debt limit. There was no panic.

The other body did, in 1954, amend the bill to provide a temporary increase in the debt limit from \$275 billion to \$281 billion. In 1955, Congress provided that the temporary increase would expire on June 30, 1956, which it did, leaving the present statutory limit of \$275 billion.

What has become of all the brave promises of other years of economies that would provide balanced budgets; of an end to inflationary deficits; of payments on the Federal debt?

I recall that in 1953, Secretary of Commerce Weeks asserted it was high time to halt "international handouts and global boondoggling." I am sure Mr. Weeks was not trying to shoot down the foreign-aid program with a slogan as President Eisenhower, in his state of the Union message a couple of weeks ago, insisted some people were trying to do.

And in 1953, former Secretary of the Treasury Humphrey pointed out the danger of continuing to spend American taxpayer money abroad to build competitive enterprises, adding that "our scale of taxation is already too high and to maintain a sound and honest dollar we must bring our expenditures and revenues into balance."

This bill, if enacted, can have only one purpose: to permit expenditures and revenues to be thrown out of balance. And additional Federal debt means that the interest and other carrying charges, now costing the taxpayers nearly \$8 billion each and every year, will be increased. Already the interest on the Federal debt is the second largest item in the spending budget.

Mr. Chairman, I am irrevocably opposed to any increase in the Federal debt at this time. I voted for reductions in spending last year which, if adopted, would not only have easily kept the Federal debt within the present limitation but would have provided some payment on the principal.

Let me ask Members of the House this question: If you ran up a huge debt, made no effort to reduce it, and continued to live far beyond your means, would your creditors lend you more money?

But your Federal Government, with a stratospheric debt of at least \$275 billion, wants to pile up ever more debt through additional borrowings and at the highest interest rates in many, many years.

Thus, policies which could land us in prison as individuals amount only to the floating of more and more money-borrowing bonds as far as the Federal Government is concerned.

In conclusion, Mr. Chairman, I have no moral right at this time and in the circumstances to kite checks and hand on to the children of today and tomorrow the obligations and responsibilities that we adults ought to face today. It is an evil thing to mortgage the future of our children to the extent that the

Federal Government has already mortgaged them.

There ought to be the will and the courage now to reduce expenditures, balance the budget, and make payments on the debt.

Mr. REED. Mr. Chairman, I yield 5 minutes to our distinguished leader, the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN. Mr. Chairman, I rise in support of the request of the administration that the debt limit be raised \$5 billion. I do not believe any effort to reduce it is an economy measure. In fact, it might well be that it would be the reverse, it might cost the Government more money than if the full increase was made at this time.

We know and we must face the fact that we have realities to consider. We are in a period where we are obliged to undertake a big missile program in order to keep ahead of the Russians. It will require money, plenty of money. The administration must be given the opportunity to raise the money efficiently and with all possible savings. I believe it is far better to do this than to be forced to raise taxes.

I can visualize that unless we raise the debt limit sufficiently we might be in a position where we could not meet the bills contracted. In what position would that place the country if the Government were unable to pay its bills? It might bring about a situation that would be very disastrous; and, if Congress was not in session that would provoke an awkward complication.

Let me point out this fact: We have a very able man as Secretary of the Treasury. He does not want to spend money if it is not necessary to do so. He wants to keep expenditures down. I trust our Secretary of the Treasury and I trust the President of the United States. I believe they want to have an economical Government as well as any Member of the House. But this coming year the Secretary of the Treasury is going to have \$50 billion of debt that must be refinanced. Are we going to put him in a position where he can do that refinancing to the best advantage of the Government, or are we going to force him occasionally to pay money because he cannot raise the full amount necessary at a single refinancing.

I repeat, this is not a question of economy, and I hope further it is not a partisan question, because we all want our debt to be as low as possible. We all want to bring our finances into proper order. This administration has shown its desire for keeping the debt limit down when it refrained from asking the increase last year and was barely able to get through the year.

I say to my friends, let us not put the administration in a strait jacket. Let us give them the opportunity to function in an orderly efficient manner and the way which is for the best interests of the country. Let us not forget above all we must maintain missile security and that will cost real money which must be paid. I hope we will not vote to recommit but will pass this bill, which the administration has requested and needs.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MULTER].

(Mr. MULTER asked and was given permission to revise and extend his remarks.)

Mr. MULTER. Mr. Chairman, with the harmony that prevails, and particularly after having heard from our distinguished majority and minority leaders, both in support of this bill, I suppose I will be accused of injecting partisanship into a matter that should be and I trust will be finally disposed of on the basis of nonpartisanship.

If many of the speakers who last night participated in the opening of the 1958 Republican congressional campaign had been as moderate in their language as our distinguished minority leader I probably would not take the floor now. We heard last night almost every adjective in the dictionary with an invidious connotation, thrown out over the air and aimed at the Democrats, Democratic policies, and the Democratic Party and its officeholders.

At the expense of being accused of partisanship, let me inject into this debate these facts; irrefutable facts from the record.

It was in 1952 that Candidate Eisenhower told the country that \$265 billion of debt was much too much for this country. The debt limit was then \$275 billion. We had never exceeded \$265 billion up to the time when he took office in 1953. His campaign pledge of 1952 was, regardless of anything, he would reduce the national debt to less than \$265 billion.

During the first 4 years of his administration, at his request and with the help of the Democratic Party, that debt limit and that debt were increased, because we had to have the money for our national security and for the welfare of our people.

In 1956, forgetting he was also President, Candidate Eisenhower again promised the country "Our debt will be reduced. The debt limit is too high."

It was an open secret last year that unofficial representations were made by the executive department to the Congress to increase the debt limit again. Just as openly and just as unofficially, the answer went back to the White House, "Send up an official request and the Democratic Congress will give this country what it needs." No official request came up, and there was no increase.

This year we have an official request before us. I am very happy that our distinguished majority leader preceded me and let you know the Democratic policy and the Democratic program is—and this is a complete answer to everything that was said on the air last night as our Republican friends pointed the finger at the Democrats and Democratic officeholders, and begged for a Republican Congress—the complete answer is that the Democratic Party always was ready, willing, and able, and will at all times be ready, willing, and able to give this country, and will give it, whatever it needs for its welfare and its security and its defense, no matter who the occupant

of the White House may be and no matter what his partisan politics may be.

The distinguished chairman of the House Ways and Means Committee and our colleagues in that committee who supported him in bringing this bill to the floor are to be commended for their courage and their statesmanship.

In conclusion, Mr. Chairman, may I call attention to the fact, that the things that were said last night recall to many of us, the days of "Prosperity is just around the corner." They promised us more and greater prosperity even though we are just dripping with prosperity now there was more just around the corner. It is too bad that we do not have the facilities to print photographs in our CONGRESSIONAL RECORD. I would like to reproduce this one.

Prosperity is just around the corner but apples are back on the corner again. This is a very recent photograph. If you go by the Social Security Building any morning you will find there once more an apple seller. He has not been able to find that prosperity which is just around the corner.

Mr. MARTIN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. MARTIN. Does the gentleman contend that we have not had a real era of prosperity in this country during the last 2 or 3 years?

Mr. MULTER. Yes, we have; and we can continue to have it and we should have it. We should not have unemployment reaching the point where it is today, where within another month it will have reached, throughout the entire country, proportions that will be labeled "distressed labor conditions."

Mr. MARTIN. That is what the gentleman thinks.

Mr. MULTER. What I am trying to call your attention to is that this administration must do something about that in order to avoid the miseries of unemployment. The Congress cannot do it alone. We need leadership in the White House to do it. We are not getting that leadership today.

The CHAIRMAN. The time of the gentleman from New York [Mr. MULTER] has expired.

Mr. REED. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. GWINN].

Mr. GWINN. Mr. Chairman, I have been serving in the House now nearly 14 years. During this time I have been waiting for the day when we would set a limitation on ourselves, set a limitation on our taxes, and set a limitation on our debts. It would seem to me that the logical argument here today is that we might as well adjourn if we raise this debt limit another \$5 billion. If we are going to raise the debt limit, give unlimited debt powers, unlimited taxing powers and assume that this Congress is never going to begin to liquidate those Government projects that would give us billions in dollars in the Treasury, why stay here and argue?

We could start with TVA. There are a couple of billions we can liquidate and get in our pockets. Let us continue by selling 490,000 housing units and stop

building more at the taxpayers' expense and more borrowed money. We could stop Government lending which now makes up 16 $\frac{2}{3}$ percent of all the money that is lent in this country today. Let us stop subsidies for food. Right now we have a \$9 billion loss in our food subsidies. We could put an end to that. Does not Congress plan to function after this vote?

Let us stop reclamation programs. Let us not vote this scholarship fund of \$1 billion which we do not need, and thereby increase our debt. Then, let us follow some of the military advice and get into some real savings. Let us take the Army-Navy budget and reduce it according to General Bonner-Fellers by \$9 billion and foreign aid by \$5 billion. Then let us add to the Air Force an increase of \$2 billion, research another billion, and then ICBM another billion. After you do all that we would save \$10 billion on the military side and expand our expenditures where they should be, on the Air Force.

That is not talking about the little fringe economies that the Hoover report talks about; that is talking as the President talked in Oklahoma City. He said whole categories of our Socialist economy must be cut out if we are going to stop, ever, unlimited taxing and unlimited deficits and unlimited borrowings.

Mr. MULTER. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. Boggs].

Mr. BOGGS. Mr. Chairman, I rise in support of the measure before the House, and I shall also oppose a motion to recommit. I support this measure because I am convinced it is necessary for the orderly functioning of our Government, and I am convinced that it is necessary in the interest of economy and efficiency to support it. I feel, however, I would be remiss as a Member of this body if I did not point out some of the things which I have noted in the past few years and some of the interpretations that have been placed upon these events. I realize, of course, that under our system of government it is difficult to make any statement without being accused of partisanship. Under our system, I have never been too concerned about whether or not there would be some degree of partisanship. I think it would be a terrible thing if we had a monolithic type of government and we were deprived of the opportunity of criticizing or pointing out deficiencies, whether it be in my party or in the opposition party. I trust that my remarks today will not be interpreted as partisan. As far as I am concerned, they are completely and totally factual.

Mr. Chairman, this is the third or fourth time in the last 5 years of this so-called sound administration that we have been requested to raise the national debt limit. The only time in the previous administration under President Truman that we changed the debt limit was when we reduced it from \$300 billion down to \$275 billion.

In 1954 we increased the statutory debt limit to \$281 billion or by \$6 billion. Again, in 1955 we acted maintaining

that figure at \$281 billion. It was set in 1956 at \$278 billion. Now it is requested that we increase it to \$280 billion. During this same period of time the national debt has increased from about \$267 billion to approximately \$274 billion. As a matter of fact, there has been a net increase approximately of \$7 billion in the national debt since the conclusion of the Korean conflict. Most of the cost of that conflict was paid for by current revenues.

As a matter of fact, I pointed out here some years ago that this administration, as far as I was able to ascertain, was the first administration which had actually recommended deficit financing, because when we had a budget which everybody knew would be out of balance 4 or 5 billion dollars, no recommendations were made that revenues be raised to make up for that deficit.

Frankly, I am concerned about our economic condition, and I want to make a statement. I am not saying this in any criticism of the present Secretary of the Treasury because I think he is tremendously able and I admire him very much. What I am pointing out are facts that cannot be denied. If I felt that our economic condition had improved I would not be here talking to you today.

But let us look at the situation. Do you remember some years ago we heard a lot about inflation. Well, is the value of the dollar more or less than it was then? As a matter of fact, again last month the cost of living reached its highest peak in history. The strange thing about this inflation is that it is occurring at a time when unemployment is increasing. Would any of us here say we are satisfied with the economic conditions as they exist? In the month just concluded we had more unemployment than at any time in the last decade, if my figures are correct.

What about servicing this debt? The debt is only about 9 or 10 billion dollars more than it was 5 years ago, although I am sorry to report it is even a nickel more. But despite the fact that it is only a few billion dollars more than it was, the cost of servicing this debt has almost doubled. As a matter of fact, only recently, for short-term credit, the Government paid more a few months back than it had paid at any time, I think, since sometime back in the twenties.

Now, is all of this healthy for our economy? I am afraid it is not. We had fewer housing starts last year than we had for many years. We have more unemployment than we had in many years. We have more real doubt about the efficiency and the stability of the Government than at any time that I can remember. Have we gotten better defense for this money? Well, I do not know. I am certainly no expert on defense, but every time I pick up a publication which contains the expressions of experts, every time I read the expressions of experts before congressional groups in this body and in the other body, I find that they say we have fallen tremendously behind in defense. And I have seen charts published in magazines which have not been particularly friendly to my side of the aisle which in-

dicate that our enemy, the Russians, have forged considerably ahead of us. And I saw some figures this morning which showed that this budget, as recommended for the approaching fiscal year, namely, 1959, insofar as defense is concerned, will only pick up the additional cost brought about by the continuing inflation.

So again I say that here in this most vital area of all, namely, the security and the defense of all of us as Americans, we do not have too much to feel secure about. Frankly, I wish it were otherwise. I wish that we had checked inflation. I wish that we had pursued economic policies which would not have encouraged unemployment. I wish that our gross national product had kept up. That, to me, is one of the most distressing signs of all. You know, we are in a great growing country. The population of the United States of America today is something like 173 million or thereabouts. This means that each year, as young men and young women come into the labor force, we must create new jobs, new opportunities, new employment. And this is particularly true in light of the tremendous technological changes which are now taking place. Automation is taking the place of labor in many vast industries in our country; so that, if the gross national product does not continue to advance, then unemployment increases even though employment itself remains stable. These are all frightening aspects of our economy. And I can well understand how at public caucuses it is customary to point with pride, as was done last night; but frankly, as you examine this economy and look at it, there is less to point to with pride and more to look at with real concern. Look at agriculture. Why, I have seen figures that more families have left the farms in the last few years than in previous generations. All through the farming areas of our country there is a feeling that these people who contribute the food and the fibers which feed and clothe our people are the forgotten segment of our economy. So that we have our job cut out for us. We have a crisis in the defense program; we have real trouble at home on the domestic scene; we have continuing inflation; we have growing unemployment; and we have a growing debt. And we face the prospect of additional deficit financing.

Mr. Chairman, I support this bill certainly not out of any feeling that it will cure these ills; because it will not; but I support it because, if it is not passed, the ills which I have enumerated will become even more acute.

Mr. REED. Mr. Chairman, I yield 3 minutes to the gentleman from Iowa [Mr. Jensen].

(Mr. JENSEN asked and was given permission to revise and extend his remarks.)

Mr. JENSEN. Mr. Chairman, I am sorry this bill to raise our Federal debt limit is before us today. It seems to me there is a way to make such a request unnecessary—at least, at this time.

Now when an individual, a company or a corporation finds it is about to go in the red, but knows it will in a short time

receive income to again put it in the black, it asks its creditors for an extension of time to meet its obligations.

In this particular instance, the next 3 months are the big income-tax-collecting months. It might well be that by Uncle Sam paying only the bills which absolutely must be paid during that time, it can be proven that it will not be necessary to raise the debt ceiling. Congress will still be in session, and should we find it absolutely necessary to raise the debt ceiling, it can still be done and no harm done. Surely, it is worth trying, instead of doing it this easy way. Sammy has proved to be a liberal spender for the past 25 years, you know. It is time Papa—the taxpayers—said to Sammy, "You better be careful, old boy, or soon you might not have the dollars nor the credit to help yourself or any one else—here or abroad—to wage peace, let alone war."

It may be that to raise the debt limit here requested will not touch off uncontrolled inflation; but who knows. All we need do is to look at every nation in this world that made federal spending easy, and that has happened to over one-half the nations of the world; and what do we find there—uncontrolled inflation, strife, and hungry, restless people, to say the least.

Perhaps this is not the straw that will break our backs—not the camels—but I, for one, will not take the chance; at least, until I know it is more necessary than it is today, or at least until we have tried the solution I have just suggested.

You may say, "Oh, let us do it now, just look at the size of the budget for 1959. That if we do not do it now and get it over with, we will have to do it anyway before this session ends." Now, will we? Let us not be too sure. Remember that, generally speaking, the American people—our boss—want every possible penny saved in nonmilitary spending and while it is true most everybody wants more than adequate spending for the military, I am sure they expect us to get as near 100 cents worth of security for every dollar spent as is safely and humanly possible.

And, so I am sure you can expect this Congress will reduce the budget request for fiscal year 1959 by at least \$3 billion. Consequently, if anticipated revenues become a reality, it is very possible that we will have a balanced budget for fiscal year 1959.

Mr. REED. Mr. Chairman, I yield 3 minutes to the gentleman from Wyoming [Mr. THOMSON].

(Mr. THOMSON of Wyoming asked and was given permission to revise and extend his remarks.)

Mr. THOMSON of Wyoming. Mr. Chairman, Russian policies have been consistent over the years, as I have observed them, alarmingly so. The mission of Russia has been world domination. They have made strategic withdrawals, it is true, but there has been no abandonment of their policy. Just as consistently Russia has repeatedly said that they will accomplish their objective by destroying America from within, by destroying us economically.

Time does not permit my going into a discussion of that in full. The President, though, has presented a precariously balanced budget. Some people here today have suggested that it is overly optimistic, with revenues overestimated and expenditures understated. Be that as it may, the President himself, in his state of the Union message, indicated that for Congress to meet its responsibilities, to bring about a balanced budget, it is necessary that we exercise restraint, and that we must eliminate expenditures for unnecessary and improper Federal programs.

I personally believe that by doing this, by cutting foreign aid, by eliminating a major portion if not all of the proposed Federal-aid-to-education recommendations, by elimination of waste in the military and by other means we can adequately provide for the security and defense of this country and at the same time provide the necessary and proper Federal programs here at home, pay something on the national debt and still, perhaps, have a most needed reduction in taxes. I am ready to devote myself to the accomplishment of these objectives.

There have been other reactions to his message, though. According to reports that we read in the press, there are powerful forces within the liberal element, of the Democrat Party particularly, including some who are Members of this body, who have indicated that they will push for \$2 billion more than the President has requested for military or defense spending, whether it can be well spent or not. Reading would suggest an effort to get off a political hook or to make political hay. Furthermore, they have indicated that they are going to push for all present and many additional Federal Government programs right here at home even if it means an unbalanced budget and going back to deficit spending. Mr. Chairman, I suggest to you that if we increase the debt limitation more than is necessary, we are playing right into the hands of those who would so have us abandon fiscal responsibility.

Regardless of the good intentions of the Executive and of responsible Members of Congress that have been expressed here today, we would be contributing to the accomplishment of the objective of those who are for fiscal irresponsibility and wholesale deficit spending if we vote to raise the debt ceiling any more than is reasonably required for management purposes. I can understand and agree with the necessity for maneuverability and the possibility of interest savings, and so forth, if that is provided. We should not, however, raise the debt ceiling one more cent than is necessary for this, or we will be playing into the hands of the big spenders. I suggest to you on the basis of the very able statement made by the gentleman from Wisconsin, [Mr. BYRNES], that we can live and that the administration can live and accomplish its avowed objectives with an increase of \$3 billion.

I intend to vote for the motion to recommit and to substitute that figure, and I urge you to do likewise. If this is

accomplished, then those who are urging big spending, for political purposes and otherwise, will be faced with the proposition of themselves having to present a resolution for further extension of the debt ceiling to cover the deficit spending. That is as it should be. It will properly brand them in the eyes of the American public as the ones who are leading this country to economic ruin. Speaking for myself, I am not going to vote for an unnecessary increase in raising the debt ceiling to help them accomplish their purpose, either now or later. Let the people who are for the deficit spending come to the well of this House and present a resolution to cover the additional indebtedness that will have to be borne by ourselves and future generations of Americans, thereby contributing to the destruction of America from within by destroying us economically. We are entitled to a record vote on that issue. Right now we should support the motion to recommit, which will supply all of the funds necessary for better management of the debt, for carrying the expenditures through the lag time between outgo and periods of heavy receipts, and for other purposes. If anything more than the \$3 billion can be justified, which has not been done here today, let that justification be made in the other body or at a later date.

We can correct our error without difficulty if we have not provided enough. If we vote too much, those who follow the course of fiscal irresponsibility will fix it so that the only way the error can be corrected is by paying off the additional debt incurred through ill-considered and unnecessary expenditures.

Mr. REED. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, you would think, to hear some of the speeches, that we are in a deplorable condition. We seem to be trying to develop an inferiority complex. I still believe that we are the greatest free Government on the face of the earth. I still believe that we have a sound defense. I still believe in my Government from A to Z.

For the almost 40 years I have been in Congress I have always voted for economy, because I believed it was essential that our country should be fiscally sound. I believe also in our public officials. I know they are not spending any money except what Congress has authorized. I believe that when they study, as they have to study night and day, the fiscal affairs of this Government, and then bring their knowledge to us before our Committee on Ways and Means, and we hear them, they are entitled to respect and consideration. I believe they are people who are loyal to this Government.

I urge you today not to try to cripple this Government when you know that this extension of \$5 billion is considered necessary, necessary by our committee, necessary by our officials in the executive branch who administer the funds we appropriate here. I urge you to support this bill.

I have been for economy, as you know, all these years, and I am proud of that record. My district is proud of that

record. My people know that I will continue to fight for the solvency of this Government. I know from the testimony that came before our committee that this \$5-billion increase is needed. I think we should protect our country and fight for our country all the way. That is what I intend to do while I am in Congress.

Mrs. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. REED. I yield to the gentleman from Illinois.

Mrs. CHURCH. I rise humbly to pay tribute to the man in the House who to me has stood for the best Government, the greatest economy in Government, the greatest personal integrity in Government, more than anyone else I have known during the 8 years I have been here.

Recalling the history that has been given in brief here this afternoon, I

wonder whether the gentleman would be kind enough to insert in the record of today's committee session a complete history of the rise in the debt from 1935 to 1952.

Mr. REED. I thank the gentlewoman for her compliments. I cannot plead guilty to her kind personal tribute to me. Of course, it is highly pleasing. I will try to accommodate the gentleman by putting in the RECORD the facts she has asked for.

TABLE 1.—Debt limitation under sec. 21 of the Second Liberty Bond Act, as amended, history of legislation (1934-57)

Act:		
Jan. 30, 1934, amending sec. 18 (48 Stat. 343) increased authority for notes outstanding to	.....	1 \$10,000,000,000
Feb. 4, 1935:		
Amending sec. 1 (49 Stat. 20) limited bonds outstanding establishing revolving authority to	.....	1 25,000,000,000
New sec. 21 added (49 Stat. 21) consolidated authority for certificates and bills (sec. 5) and authority for notes (sec. 18). Same aggregate amount outstanding	.....	1 20,000,000,000
New sec. 22 added (49 Stat. 21) authorized United States savings bonds within authority of sec. 1.	.....	
May 26, 1938, amending secs. 1 and 21 (52 Stat. 447) consolidated in sec. 21, authority for bonds, certificates of indebtedness, Treasury bills and notes (outstanding bonds limited to \$30,000,000,000). Same aggregate total outstanding	.....	1 45,000,000,000
July 20, 1939 (53 Stat. 1071), amending sec. 21 removed limitation on bonds without change total authorized outstanding of bonds, certificates of indebtedness, Treasury bills and notes.	.....	1 45,000,000,000
June 25, 1940, (54 Stat. 526), sec. 302, sec. 21 of the Second Liberty Bond Act, as amended, is hereby further amended by inserting "(a)" after "21." and by adding at the end of such section a new paragraph as follows:		
“(b) In addition to the amount authorized by the preceding paragraph of this section, any obligations authorized by sections 5 and 18 of this Act, as amended, not to exceed in the aggregate \$4,000,000,000 outstanding at any one time, less any retirements made from the special fund made available under section 301 of the Revenue Act of 1940, may be issued under said sections to provide the Treasury with funds to meet any expenditures made, after June 30, 1940, for the national defense, or to reimburse the general fund of the Treasury therefore, any such obligations so issued shall be designated ‘national defense series’.”	.....	2 4,000,000,000
Feb. 19, 1941 (55 Stat. 7), amending sec. 21 to read “Provided that the face amount of obligations issued under the authority of this Act shall not exceed in the aggregate \$65,000,000,000 outstanding at any one time.” Eliminates separate authority for \$4,000,000,000 of national defense series obligations.	.....	1 65,000,000,000
Mar. 28, 1942 (56 Stat. 189), amending sec. 21 increasing limitation to \$125,000,000,000	.....	1 125,000,000,000
Apr. 10, 1943 (57 Stat. 63), amending sec. 21 increasing limitation to \$210,000,000,000	.....	1 210,000,000,000
June 9, 1944 (58 Stat. 272), amending sec. 21 increasing limitation to \$260,000,000,000	.....	1 260,000,000,000
Apr. 3, 1945 (59 Stat. 47), amending sec. 21 to read: “The face amount of obligations issued under authority of this Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), shall not exceed in the aggregate \$300,000,000,000 outstanding at any one time.”	.....	1 300,000,000,000
June 26, 1946 (60 Stat. 316), amending sec. 21 decreasing limitation to \$275,000,000,000 and adding, “the current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder thereof shall be considered, for the purposes of this section, to be the face amount of such obligation”	.....	1 275,000,000,000
Aug. 28, 1954 (68 Stat. 895), amending sec. 21, effective Aug. 28, 1954, and ending June 30, 1955, temporarily increasing limitation by \$6,000,000,000 to	.....	1 281,000,000,000
June 30, 1955 (69 Stat. 241), amending Aug. 28, 1954, act, by extending until June 30, 1956, increase in limitation to	.....	1 281,000,000,000
July 9, 1956 (70 Stat. 519):		
Amending act of Aug. 28, 1954, temporarily increasing limitation by \$3,000,000,000, for period beginning on July 1, 1956, and ending on June 30, 1957, to	.....	1 278,000,000,000
Effective July 1, 1957, temporary increase terminates and limitation reverts, under act of June 26, 1946, to	.....	1 275,000,000,000

1 Limitation on outstanding.

2 Limitation on issues less retirements.

TABLE 2.—Budget receipts and expenditures and public debt

[Fiscal years. In millions of dollars]

Fiscal year	Budget receipts	Budget expenditures	Surplus (+) or deficit (—)	Public debt at end of year
1933.....	2,021	4,623	—2,602	22,539
1934.....	3,064	6,694	—3,630	27,053
1935.....	3,730	6,521	—2,791	28,701
1936.....	4,069	8,493	—4,425	33,779
1937.....	4,979	7,756	—2,777	36,425
1938.....	5,615	6,792	—1,177	37,165
1939.....	4,996	8,858	—3,862	40,440
1940.....	5,144	9,062	—3,918	42,968
1941.....	7,103	13,262	—6,159	48,961
1942.....	12,555	34,046	—21,490	72,422
1943.....	21,987	79,407	—57,420	136,696
1944.....	43,635	95,059	—51,423	201,003
1945.....	44,475	98,416	—53,941	258,682
1946.....	39,771	90,448	—50,676	269,422
1947.....	39,786	39,032	+754	258,286
1948.....	41,488	33,069	+8,419	252,292
1949.....	37,696	39,507	—1,811	252,770
1950.....	36,495	39,617	—3,122	257,357
1951.....	47,568	44,058	+3,510	255,222
1952.....	61,391	65,408	—4,017	259,105
1953.....	64,825	74,274	—9,449	266,071
1954.....	64,655	67,772	—3,117	271,260
1955.....	60,390	64,570	—4,180	274,374
1956.....	68,165	66,540	+1,626	272,751
1957.....	71,029	69,433	+1,596	270,527
1958 (estimate).....	72,400	72,788	—388	271,200
1959 (estimate).....	74,400	73,934	+466	271,200

NOTE.—The change in the public debt from year to year reflects not only the budget surplus or deficit but also changes in the Treasury's cash balances, the effect of certain trust fund transactions, and direct borrowing from the public by certain Government enterprises.

Mr. MILLS. Mr. Chairman, I yield 3 minutes to the gentleman from Rhode Island [Mr. FORAND].

Mr. FORAND. Mr. Chairman, first of all I want to take this opportunity to add my tribute to those already paid here today to our new chairman of the

Committee on Ways and Means. It has been my pleasure to work with him closely now for a number of years. I have learned to respect and admire him. While we have suffered a great loss in the passing of our distinguished colleague, the Honorable Jere Cooper, we are most fortunate to have as his successor my good friend, WILBUR MILLS.

For the last few hours we have been discussing the necessity for increasing the debt limit. We have heard arguments pro and con, and I do not intend to belabor the question further. However, I want the Members to know that I am one of those who believe in the solvency of our Government, one of those who believe that we should cut expenditures where we can cut them without hurting either our national defense, our general welfare, or our economy. I am one who has always been reluctant to see the ceiling of our national public debt raised, but after hearing the testimony that was presented to our committee this past week, I come to you and say, "My colleagues, I am going to vote for this resolution, and I think in the interest of America you, too, should do the same thing."

It is most important that the ceiling on the public debt be increased by \$5 billion, as this resolution provides. If you had the privilege of listening to all the testimony that we did, and I certainly hope you will read the hearings when they are made available, you would find real necessity for this action. In fact, we were told that one time last fall the

cash balance in the Treasury was so low that when the Treasury was seeking to transfer funds from one depository to another in order to meet bills, if a severe storm had interfered with the transfer of that money millions of our aged people and millions of pensioners would not have been able to get their pensions on time. I say there is an urgent reason, that reason alone, to provide the monthly checks for our pensioners, for passing this legislation.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. FORAND. I yield if I have time.

Mr. MILLS. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. McCORMACK. The gentleman from Rhode Island referred to our late beloved colleague, Jere Cooper, in a very fitting way, and how fortunate we were, with the act of God taking him away from us, in having as chairman of the Ways and Means Committee our distinguished friend, the gentleman from Arkansas [Mr. MILLS]. There is no Member of the House who is more greatly respected than the gentleman from Arkansas [Mr. MILLS] not only for his extraordinary ability, but for his devotion to duty, and above all for his fine ethical outlook on life.

An illustration of his leadership, showing the elements of leadership that he possesses is the fact, as I remember, this recommendation for a temporary increase of \$5 billion in the national debt ceiling was made on Tuesday of last week. On Friday of last week the chair-

man called the Committee on Ways and Means together for public hearings. And the bill was reported out, and the bill is now before the House of Representatives today. In other words, within a period of 1 week one of the most important measures of this session of Congress was messaged to the Congress, and the Ways and Means Committee, under the leadership of the gentleman from Arkansas [Mr. MILLS], held hearings and reported the bill out and the bill is now before the House. I think that is leadership of an outstanding nature and is a compliment to the gentleman from Arkansas and his leadership.

Mr. FORAND. I thank the gentleman from Massachusetts [Mr. McCORMACK] and I point out that the reason for that speed was not because the Ways and Means Committee had nothing to do, because as you all know we are holding hearings on tax revision and our schedule calls for us to hear from 18 or 19 witnesses each day, but because of the urgency of this situation and the non-partisanship involved, our leader called us together and action was expedited. For that I compliment him.

The CHAIRMAN. The time of the gentleman from Rhode Island [Mr. FORAND] has expired.

Mr. MILLS. Mr. Chairman, I have no further requests for time.

Mr. REED. Mr. Chairman, I yield such time as he may desire to the gentleman from West Virginia [Mr. NEAL].

(Mr. NEAL asked and was given permission to revise and extend his remarks.)

Mr. NEAL. Mr. Chairman, the argument presented by members of the Ways and Means Committee have convinced me that a precarious margin between the anticipated commitments and the debt limit does exist.

As has been said this is because the Congress has been too liberal in its appropriations. Now it becomes necessary for the Congress to acknowledge its mistakes and call upon the taxpayers to cover for them.

Extension of the debt limit is requested as an emergency measure. Like similar emergency requests it is most certain to become permanent.

The national debt of the United States of America is twice the size of the total debt of all our allies with whom we are fighting a cold war. Nearly every one of these allied governments is taking radical steps to reduce its commitments, hoping to bolster its economy and stabilize its financial structure.

While I recognize and fully approve our Government's expenditures for our own defense I cannot approve increasing allocation of American taxpayers' money to restore the solvency of foreign countries that indicate their readiness to believe they must assume a soft attitude toward our powerful antagonist.

America's strength and survival depends ultimately upon our own solvency. Solvency just cannot be preserved if we continue deficit spending with its accompanying inflation. It is time we resolve to avoid further debt and adopt a pay-as-we-go policy. Better an increase in tax now to keep our fiscal house in order

than mislead our people into believing all is well.

If Russia, by squeezing the lifeblood of her people can create a superior military force to threaten the democratic world, most certainly the American people will willingly contribute from their incomes the necessary cost of building a defense system to protect them from foreign aggression and from internal financial bankruptcy.

National debt and inflation can destroy America just as surely as defeat in war. Rather than destroy ourselves by spending abroad where experience shows its futility, let us put our own house in order. America, strong, united, solvent, and determined, can maintain world leadership; otherwise our chances of survival against a ruthless, dictatorial, slave-driving Communist enemy are nil.

Mr. HEMPHILL. Mr. Chairman and Members of the Committee, the second year of the second term of Mr. Eisenhower starts off, as others, with beautiful promises, high sounding and descriptive phrases, and the stark realism that inflation continues. There is no real effort on the part of this administration to check it. This administration lacks a sincerity of purpose, and its hypocrisy must be exposed.

We are asked to increase, temporarily, the public debt limit. We are asked to give the Treasury Department a free hand to obligate us \$5 billion above the present authority. By this request the administration has admitted its failure to cope with the problem of inflation and provide a program to return to a sound dollar.

It is therefore evident that we can expect no leadership in tightening the belt by the administration. The Congress, must, therefore draw the line. The Congress could, if it would, take the reins of leadership toward economy and efficiency in Government, and I am ready to vote for such a program.

Last night, in an effort to discredit the Democratic Party, Assistant President—some give him credit for having much more power and say-so than "assistant"—Sherman Adams tried to sidetrack the American people from thinking of their serious home-front fiscal and economic problems. He began to talk about Pearl Harbor.

What we in America want of the President and his advisers is a fact-facing realization of our home-front difficulties, and recommendation for constructive legislation to correct it. For the last 5 years the record of the Republican administration on the home front may be summed up in two words: failure and insincerity.

The farmer, under this administration has suffered disastrously. He is in debt. He wants relief. He wants tax relief and he is tired of wasteful Government spending.

The textile industry, the plywood industry, management, and labor are suffering. The white-collar worker cannot pay his debts. The dollar value is going steadily down. Unemployment is on the increase. A recession is underway, and that recession may be classified as minor, or temporary, by those in power, but to

the man losing his business, with his back to the wall, or unable to pay his debts, there is nothing minor about it.

Raising the debt limit is no solution to the problem. The Secretary of the Treasury never made a claim that this is the panacea. How encouraging it would be if the administration had issued a statement that it would forego raising the limit for fear of encouraging further inflation. The taxpayer needs some encouragement, not tomorrow, but today.

The Secretary of the Treasury, in his statement before the Ways and Means Committee of the House of Representatives, stated that cash balances are running distressingly low. He did not say, according to the report on this bill, dangerously low. Everybody I know is having trouble keeping cash balances. Too much Government and too much Government debt have materially contributed to that condition.

One of the grounds for the request takes into account contingencies which might develop in a world filled with uncertainties. The world has always been filled with uncertainties and this administration has done more to place the United States in a position of uncertainty than any in the history of this great Nation. They wish Congress to bail them out, temporarily, from this fiscal dilemma, and have Congress share the blame for Eisenhower inflation.

As of January 15, 1958, according to the report on this bill, our debt was pegged at \$274.4 billion. Our limit is \$275 billion. We are asked for \$5 billion, but the papers today carried a report that \$3 billion would suffice. Why not \$1 billion at a time? Why not take stock again and again to remedy this situation.

A vote against this legislation is a vote for economy. A demand for it. The American people desire it.

Let no man be misled into thinking this is part of the missile program. Propaganda in that direction may be forthcoming, but the facts are that last week we voted \$549 million for the missile-detection and defense program. The missile program has been voted the money by present and past Congresses. What we need is dedicated use of those funds and realistic production.

Let us start now to stop inflation and vote against H. R. 9955.

Mr. SADLAK. Mr. Chairman, may I add to the remarks which have been emphasized by my colleagues on the Ways and Means Committee that the most important reason for the temporary increase in the public-debt limit is the flexibility that is required over the next 18 months. May I likewise emphasize the statements that have previously been made that this does not in any way tend to open the floodgates of expenditures, but is a warning to continue to keep the brakes on the spending, though these brakes must be applied here in the House on the appropriation measures, and appropriations cannot be increased by the Treasury Department since they must pay the bills which we authorize and approve.

One additional impelling reason for my voting for the temporary increase is the possibility of need for immediate funds in the event to follow through to the fullest advantage should a technological breakthrough occur.

Mr. CHAIRMAN, I endorse H. R. 9955.

Mr. REED. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. Under the rule, the bill is considered as having been read for amendment.

(The bill reads as follows:)

Be it enacted, etc., That, during the period beginning on the date of the enactment of this act and ending on June 30, 1959, the public-debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act, as amended, shall be temporarily increased by \$5,000,000,000.

The CHAIRMAN. Under the rule, no amendment to the bill is in order except amendments offered by the Committee on Ways and Means.

Are there any committee amendments?

Mr. MILLS. Mr. Chairman, there are no committee amendments.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WRIGHT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H. R. 9955) to provide for a temporary increase in the public-debt limit, pursuant to House Resolution 446, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. BYRNES of Wisconsin. Mr. Speaker, I am opposed to the bill. I offer a motion to recommit.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BYRNES of Wisconsin moves to recommit the bill, H. R. 9955, to the Committee on Ways and Means with instructions to report the same back forthwith with the following amendment: On page 1, line 7, after the word "by" strike out "\$5 billion" and insert "\$3 billion."

Mr. MILLS. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that further proceedings on the bill be postponed until next Thursday, in accordance with an agreement previously entered into with the Members of the House.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

extend their remarks in the RECORD on the bill we considered in the Committee of the Whole today.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

MILITARY DISCHARGE AND THE SUPREME COURT

(Mr. ROOSEVELT (at the request of Mr. McCORMACK) was given permission to extend his remarks at this point in the RECORD.)

Mr. ROOSEVELT. Mr. Speaker, last Wednesday afternoon, a drama took place in the Supreme Court that will vitally affect the lives of hundreds of ex-servicemen. Before the bench that day were two cases, that of John Henry Harmon and Howard Abramowitz, both men who had performed their military duties in an exemplary manner, and whose records were without blemish.

Both had been summarily discharged as undesirable despite their honorable service records solely on the basis of their activities as civilians, before their military service began.

Harmon and Abramowitz appealed their cases up through the machinery for redress that the Military Establishment provides, and were at each step denied any change in the character of their discharges. Not until Harmon took his case to the Federal court did the Army reconsider its position—then upgrading his discharge to general—still a less than honorable discharge.

On Wednesday, after living for years with the social stigma and deprivation of legal rights attached to a less than honorable discharge, both men had reached the highest and the final seat of justice. And there, before the Supreme Court of the United States, counsel for the defendant, Secretary of the Army Brucker, admitted that the Justice Department had advised the Army that it had no authority to issue a discharge based on civilian conduct—a statement that was in fact a confession of error.

My colleagues, this body passed a bill, H. R. 8772 now pending before the Senate Armed Services Committee, in the last session which would provide machinery for ex-servicemen who had been tendered a less than honorable discharge to redeem themselves by allowing them to petition for a new type of general discharge after 3 years of commendable postservice civilian conduct. During the short debate on the bill, a number of its supporters are on record as saying that the bill did not go far enough. Clearly, it did not.

In fact, it may seem that in a back-handed manner, the House of Representatives has almost endorsed the very thing which the Justice Department has advised is unauthorized, and by implication, unconstitutional.

I sincerely hope that the other body will either reject or strongly revise the bill before it, and that the Members of the House will have a further opportunity to participate in the writing of equitable legislation.

SOCIAL SECURITY SHOULD NOT MEAN FORCED RETIREMENT

(Mr. ROOSEVELT (at the request of Mr. McCORMACK) was given permission to extend his remarks at this point in the RECORD.)

Mr. ROOSEVELT. Mr. Speaker, of the several bills amending the Social Security Act which I have introduced in this session, the one that will most crucially affect the greatest number of people is H. R. 9842, which will raise the limit on earnings for social security recipients from the present \$1,200 to \$5,000.

My district in Los Angeles is the home of many more retired people than is average, and for this reason I have both a special interest in the problems of our older citizens, and perhaps a better opportunity to see and to appreciate those problems than would be possible with a more diverse constituency. Invariably, people who are receiving social security benefits who speak or write to me—and many do—feel strongly that the income limitation is unfair, that it opposes their natural desire to continue as productive a life as possible and most important, that it prevents them from augmenting an inadequate income.

A system that in effect penalizes beneficiaries by reducing benefits each month in which they earn more than \$80 is to me, quite frankly, an unjust system, and must naturally depress incentive to work. Is it any wonder that many who have spent years contributing to the social security fund cannot understand why the more they work, the more their Government, which contributed nothing to the fund, reduces the benefit that they have earned. Such a policy could only be understandable if it were realistic. But it is not. By raising the earning limit to \$5,000, however, my bill will give beneficiaries an opportunity to provide a decent living for themselves, and restore to them the sense of self-respect that they had known as productive members of their community.

Since H. R. 9842 was introduced early in the session, I have had some reaction to it from organized labor. Originally many unions were opposed to provisions allowing any outside earnings because of the possible unfair advantage that employers would take of older workers through "wage cutting" devices. The merit of this argument is pointed up by one Washington, D. C., employer who is publicly recruiting older workers with the bold assertion that they need not lose their social security benefits by coming to work for him, because he will see to it that they are not paid more than \$1,200 in a year.

There are two alternatives to combat this exploitation. First, to eliminate allowed outside earnings altogether, in which case we would incur the obligation to see that social security paid enough to recipients for them to maintain a reasonable minimum standard of living. Since obviously it does not, the only answer is then to raise the earning limit to a figure that will discourage wage cutting and will make a decent living standard possible for beneficiaries.

GENERAL LEAVE TO EXTEND REMARKS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to

HOUSE

16. PUBLIC DEBT. Passed, 328 to 71, without amendment, H. R. 9955, to authorize a temporary \$5 billion increase in the public debt, after rejecting, 114 to 274, a motion by Rep. Byrnes to recommit the bill. pp. 643-45
17. WOOL. Rep. Dixon recommended extension of the National Wool Act for 4 additional years. p. 642
18. WHEAT. Rep. McGovern urged support for legislation to prevent a reduction in the price support for wheat, and maintain the support on wheat at \$2 a bushel for the 1958 crop. p. 641
19. DISASTER RELIEF. Rep. Gathings commended the Department for extending aid to farmers in areas affected by excessive rainfall, and urged that these farmers be permitted to place more acreage in the soil bank. pp. 678-83
20. MONETARY POLICY. Rep. Dingell criticized the Administration's monetary policies, and stated that unless "this hard money policy is relaxed further, at once, the probability is that the depression will worsen substantially before Fall." pp. 686-87
21. TRADE AGREEMENTS. Rep. Mills announced that hearings on renewal of the Trade Agreements Act will begin on Feb. 17. p. D40
22. COMMITTEE ASSIGNMENT. Rep. Alfred E. Santangelo, N. Y., has been assigned to the Agriculture Subcommittee of the Appropriations Committee.
23. ADJOURNED until Mon., Jan. 27. p. 688

ITEMS IN APPENDIX

24. ACREAGE ALLOTMENTS. Rep. Beckworth inserted summary tables showing wheat acreage allotments by states, average value of cotton acreage allotments by counties, and peanut acreage allotments by counties. pp. A510, A518-24, A525-31
25. FORESTRY. Sen. Wiley inserted a statement and an article on Wisconsin's record in tree planting. pp. A511-13
26. FARM PROGRAM. Sen. Beall inserted an editorial, "Time to Back Benson," urging support for the Secretary's farm proposals as "a logical extension, indeed the necessary development of positions already taken by the Congress." p. A532
Sen. Talmadge inserted two editorials, "Ike's Farm Plan Killing Blow Aimed at South's Small Farmers," and "Would Bankrupt Farmer." pp. A535-6
Sen. Dirksen inserted an editorial, "The Penalty of Intelligence," criticizing the "farm block" for opposing the Administration's farm program and urging adoption of the program. p. A540
Sen. Proxmire inserted a statement by the National Catholic Rural Life Conference urging adoption of a permanent farm program and sharing more of our abundance with other nations. pp. A551-2.
27. RESEARCH. Sen. Young inserted an editorial, "Let's Not Skimp on Production Research," opposing any cuts in funds to develop new crops and methods. pp. A537-8
Sen. Bennett inserted excerpts from a lecture on the chemical aspects of life processes urging more attention be paid to basic research. p. A539

28. BUDGET. Sen. Proxmire inserted an editorial criticizing the 1959 budget as forecasting a budget surplus based on increased revenues. p. A547
29. INFLATION. Sen. Martin, Pa., inserted an address by Sen. Bennett denying that inflation was necessary for economic growth. pp. A548-51
30. WATER POLLUTION. Sen. Case inserted an article on methods of eliminating sewage pollution in streams. pp. A555-6

BILLS INTRODUCED

31. DAIRY PRICE SUPPORTS. H. R. 10167, by Rep. Whitten, (see Digest 9) provides that for the marketing year ending March 31, 1959, the price of milk for manufacturing purposes shall be supported at not less than \$3.50 per hundredweight.
32. HOLIDAY. H. R. 10225, by Rep. Anfuso, declaring Oct. 12 to be a legal holiday, to be known as Columbus Day; to Judiciary Committee.
33. WHEAT. H. R. 10228, by Rep. Breeding, H. R. 10241, by Rep. Metcalf, and S. 3007, by Sen. Murray (for himself and others), to amend sec. 101 of the Agricultural Act of 1949, as amended, relating to price support on wheat; to Agriculture Committee. Remarks of Sen. Murray. pp. 726-7
S. 3075, by Sen. Langer (for himself and Sen. Young), to provide that 1958 price support levels on wheat and dairy products shall not be lower than the levels established for 1957; to Agriculture Committee. Remarks of author. p. 715
34. LOANS. H. R. 10230, by Rep. Byrd, to establish a program of economic relief for distressed areas through a system of loans and grants-in-aid; to Banking and Currency Committee.
35. FARM PRICES. H. R. 10231, by Rep. Coad, to maintain the price of basic agricultural commodities at a level of equal relationship to the current income needs of the producer and to protect the economic foundation of the U. S. and the primary market for manufactured products in the U. S.; to Agriculture Committee.
36. PERSONNEL. H. R. 10233, by Rep. Granahan, to adjust the rates of basic compensation of certain officers and employees of the Federal Government; to Post Office and Civil Service Committee.
H. R. 10254, by Rep. Westland, to amend the Civil Service Retirement Act to eliminate the reduction in annuity elected for a spouse when such spouse predeceases person making the election; to Post Office and Civil Service Committee.
37. FOREST LANDS. S. 3092, by Sen. Church, and H. R. 10245, by Rep. Pfof, to add certain lands located in Idaho to the Boise and Payette National Forests; to Interior and Insular Affairs Committee.
S. 3077, by Sen. Ellender, to authorize the Secretary of Agriculture to grant easements for rights-of-way over national forest lands and other lands under the jurisdiction of the Forest Service; to Agriculture and Forestry Committee.
38. MONOPOLIES. H. R. 10243, by Rep. Patman, to amend the Clayton Act to supplement existing laws against unlawful restraints and monopolies by providing that violations of the Robinson-Patman Act shall constitute violations of the antitrust laws; to Judiciary Committee.
H. R. 10251, by Rep. Thompson, N. J., to amend the Clayton Act to permit the institution of actions for damages for violations of Robinson-Patman Act; to Judiciary Committee.

RAISING THE DEBT LIMIT IS AN INVITATION TO SPEND MORE MONEY

(Mr. HOFFMAN asked and was granted permission to extend his remarks at this point in the RECORD.)

Mr. HOFFMAN. Mr. Speaker, just as a surplus of cash in one's pocket or in the bank tends toward unwise spending, so ever raising the limitation on Federal spending tends to loosen the Federal purse strings.

The Defense Department has unobligated \$8.1 billion.

The echoes of the President's warning that, if wages and prices are increased and Federal spending continued at the present or an accelerated rate, we would go into a tailspin that would end in a disastrous depression, have not yet died away.

We are told that additional billions must be appropriated to meet the challenge of the sputnik—to provide other munitions of war, including more submarines, aircraft, missiles, anti-missile missiles—and the Congress will vote billions for those purposes because it has no adequate, accurate knowledge of just what is needed, hence must rely upon our experts.

All right, we can go along with requests for funds for necessary purposes, but there is no reason why sputnik should open the door for unlimited appropriations.

But one thing is sure, our natural and scientific resources being limited, and they are, we cannot avoid economic disaster—and that means not only a slackening of business, of production, an increase in unemployment, but in the end a lessening of our ability to provide the means to protect ourselves—if we grant every request for more money.

So it is that, when the President asks the Congress to increase the wages of Federal employees, to appropriate billions for worthy but not absolutely necessary projects, and to raise the debt limit so that we may borrow the money to do unnecessary things, I am compelled to vote against authorizing an increase in our national debt limitation.

We are now paying \$7.5 billion annually in interest. Our national debt is larger than the national debt of all other countries.

One sound, sensible answer to our problem is to quit borrowing money in order to implement new, additional social reforms, to more wisely spend what we have.

It is not only absurd, but it is ridiculous that we are so lacking in common sense and sound business practices that the richest, the most productive nation in all the world must borrow money, pay \$7.5 billion interest annually. And that in peacetime. Spenders can always find excuses for an ever-heavier burden upon the taxpayer.

The thing for us to do is to put our house in order; conduct our national affairs as the average thrifty, industrious American carries on his own business. Our national income is sufficient not only to insure our national security, insofar as money can do so, but, if wisely used, to enable us to maintain a sound domestic economy.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

Mr. ALBERT. Mr. Speaker, at the request of the gentleman from North Carolina [Mr. BONNER], I ask unanimous consent that the Committee on Merchant Marine and Fisheries may sit today during general debate.

The SPEAKER. Is there objection?
There was no objection.

COMMITTEE ON BANKING AND CURRENCY

Mr. ALBERT. Mr. Speaker, at the request of the gentleman from Georgia [Mr. BROWN], I ask unanimous consent that the Committee on Banking and Currency may sit today during general debate.

The SPEAKER. Is there objection?
There was no objection.

INCREASING THE PUBLIC DEBT LIMIT

The SPEAKER. The unfinished business is the vote on the motion of the gentleman from Wisconsin [Mr. BYRNES] to recommit the bill (H. R. 9955) providing for a temporary increase in the public debt limit.

The Clerk will again report the motion.

The Clerk reported the motion to recommit.

The SPEAKER. The question is on the motion.

The question was taken, and the Speaker announced the yeas appeared to have it.

Mr. BYRNES of Wisconsin. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken, and there were—yeas 114, nays 274, answering "present" 1, not voting 39, as follows:

[Roll No. 5]

YEAS—114

Abbott
Abernethy
Adair
Alexander
Alger
Andersen,
H. Carl
Andrews
Ashmore
Aspinall
Avery
Baring
Baumhart
Beamer
Bentley
Berry
Betts
Bosch
Bow
Bray
Broomfield
Brown, Ohio
Brownson
Budge
Byrd
Byrnes, Wis.
Cannon
Cederberg
Chipperfield
Church
Collier
Colmer
Cramer

Cretella
Cunningham,
Nebr.
Dawson, Utah
Dennison
Derounian
Dorn, S. C.
Dowdy
Fino
Fisher
Flynt
Fountain
George
Griffin
Gross
Gwinn
Haley
Harden
Harrison, Nebr.
Harrison, Va.
Harvey
Hays, Ohio
Hemphill
Henderson
Hoeven
Hoffman
Jackson
Jensen
Johansen
Jonas
Jones, Mo.
Kitchin
Knox

Krueger
Laird
Latham
Lennon
McCulloch
McMillan
McVey
Mack, Wash.
Mason
Matthews
Michel
Miller, Nebr.
Minshall
Moulter
Murray
Neal
Nimtz
Norblad
Patman
Poff
Polk
Robeson, Va.
Robison, Ky.
Rogers, Fla.
Scherer
Schwengel
Scott, N. C.
Scrivner
Shuford
Siler
Simpson, Ill.
Smith, Calif.
Smith, Kans.

Smith, Va.
Springer
Tewes
Thomas
Thompson, La.
Thomson, Wyo.

Tuck
Van Pelt
Weaver
Wharton
Whitener
Whitten

Williams, Miss.
Willis
Wilson, Ind.
Winstead
Withrow

NAYS—274

Addonizio
Albert
Allen, Calif.
Allen, Ill.
Anderson,
Mont.
Anfuso
Arenas
Ashley
Auchincloss
Ayres
Bailey
Baker
Baldwin
Barrett
Bass, N. H.
Bass, Tenn.
Bates
Becker
Beckworth
Bennett, Fla.
Bennett, Mich.
Blatnik
Blitch
Boggs
Boland
Bolling
Bolton
Bonner
Boykin
Boyle
Breeding
Brooks, La.
Brooks, Tex.
Brown, Ga.
Brown, Mo.
Broynhill
Burleson
Bush
Byrne, Ill.
Byrne, Pa.
Canfield
Carrigg
Celler
Chamberlain
Chelf
Chenoweth
Christopher
Clevenger
Coad
Coffin
Cooley
Corbett
Coudert
Cunningham,
Iowa
Curtin
Curtis, Mass.
Curtis, Mo.
Dague
Davis, Ga.
Davis, Tenn.
Deaney
Dellay
Dempsey
Denton
Devereux
Diggs
Dingell
Dixon
Dollinger
Donohue
Dooley
Dorn, N. Y.
Doyle
Durham
Dwyer
Eberharter
Edmondson
Elliott
Engle
Evins
Fallon
Farbstein
Fascell
Feighan
Fenton
Flood
Fogarty
Forand
Ford
Forrester

Frazier
Frelinghuysen
Friedel
Fulton
Garmatz
Gary
Gathings
Gavin
Glenn
Gordon
Granahan
Green, Oreg.
Gregory
Griffiths
Hagen
Hale
Hallick
Hardy
Harris
Haskell
Healey
Hébert
Herlong
Heseltun
Hess
Hiestand
Hill
Hillings
Holmes
Holt
Holtzman
Horan
Hosmer
Huddleston
Hull
Hyde
Ikard
James
Jarman
Jenkins
Jennings
Johnson
Jones, Ala.
Karsten
Kean
Kearney
Kearns
Keating
Kee
Keogh
Kilburn
Kilday
Kilgore
King
Kirwan
Kluczynski
Knutson
Lafore
Landrum
Lane
Lankford
LeCompte
Lesinski
Libonati
Long
Loser
McFall
McGovern
McIntire
McIntosh
Machrowicz
Madden
Magnuson
Mahon
Mailliard
Marshall
Martin
May
Metcalf
Miller, Calif.
Miller, Md.
Miller, N. Y.
Mills
Mitchell
Montoya
Morano
Morgan
Morris
Moss
Multer
Mumma
Natcher

Nicholson
Norrell
O'Brien, Ill.
O'Brien, N. Y.
O'Hara, Ill.
O'Neill
Osmers
Ostertag
Patterson
Pelley
Perkins
Pfost
Philbin
Pitcher
Poage
Porter
Powell
Preston
Price
Prouty
Rains
Ray
Reece, Tenn.
Reed
Rees, Kans.
Reuss
Rhodes, Ariz.
Rhodes, Pa.
Riehlman
Riley
Rivers
Roberts
Robison, N. Y.
Rodino
Rogers, Colo.
Rogers, Mass.
Rogers, Tex.
Roosevelt
Rutherford
Sadlak
Santangelo
St. George
Saund
Saylor
Schenck
Scott, Pa.
Scudder
Seely-Brown
Selden
Sheehan
Shelley
Sheppard
Sieminski
Sikes
Simpson, Pa.
Sisk
Smith, Miss.
Stauffer
Steed
Sullivan
Taber
Talle
Taylor
Teague, Calif.
Teague, Tex.
Teller
Thompson, N. J.
Thompson, Tex.
Thornberry
Tollefson
Trimble
Udall
Ullman
Utt
Vanik
Van Zandt
Vinson
Vorys
Vursell
Watts
Westland
Widnall
Wier
Wigglesworth
Wilson, Calif.
Wolverton
Wright
Yates
Young
Younger
Zablocki
Zelenko

ANSWERED "PRESENT"—1

O'Konski

NOT VOTING—39

Barden
Belcher

Buckley
Burdick

Carnahan
Clark

Dawson, Ill.	Lipscomb	O'Hara, Minn.
Dies	McCarthy	Passman
Grant	McCormack	Pillion
Gray	McDonough	Rabaut
Green, Pa.	McGregor	Radwan
Gubser	Macdonald	Rooney
Hays, Ark.	Mack, Ill.	Spence
Hollifield	Meador	Staggers
Holland	Merrow	Wainwright
Judd	Moore	Walter
Kelly	Morrison	Williams, N. Y.

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. O'Konski for, with Mr. McCormack against.

Mr. Passman for, with Mr. Rooney against.

Mr. Dies for, with Mr. Buckley against.

Mr. McGregor for, with Mr. Dawson of Illinois against.

Mr. Barden for, with Mr. Judd against.

Mr. Radwan for, with Mr. Moore against.

Mr. Walter for, with Mrs. Kelly against.

Until further notice:

Mr. Spence with Mr. Belcher.

Mr. Hollifield with Mr. Wainwright.

Mr. Carnahan with Mr. O'Hara of Minnesota.

Mr. McCarthy with Mr. Lipscomb.

Mr. Macdonald with Mr. McDonough.

Mr. Morrison with Mr. Williams of New York.

Mr. Rabaut with Mr. Pillion.

Mr. Hays of Arkansas with Mr. Burdick.

Mr. Grant with Mr. Gubser.

Mr. Mack of Illinois with Mr. Merrow.

Mr. Staggers with Mr. Meador.

Mr. BOLAND changed his vote from "yea" to "nay."

Mr. McFALL changed his vote from "yea" to "nay."

Mr. DAGUE changed his vote from "yea" to "nay."

Mr. MACK of Washington changed his vote from "nay" to "yea."

Mr. O'KONSKI. Mr. Speaker, I have a live pair with the distinguished gentleman from Massachusetts [Mr. McCORMACK]. If he were present, he would vote "nay." I voted "yea." Therefore, I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The question is on the passage of the bill.

Mr. MILLS. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 328, nays 71, answered "present" 1, not voting 28, as follows:

[Roll No. 6]

YEAS—328

Addonizio	Baumhart	Broomfield
Albert	Becker	Brown, Ga.
Allen, Calif.	Beckworth	Brown, Mo.
Allen, Ill.	Bennett, Fla.	Brown, Ohio
Anderson,	Bennett, Mich.	Broyhill
Mont.	Bentley	Budge
Anfuso	Betts	Burleson
Arends	Blatnik	Bush
Ashley	Blitch	Byrd
Aspinall	Boggs	Byrne, Ill.
Auchincloss	Boland	Byrne, Pa.
Avery	Bolling	Canfield
Ayres	Bolton	Carrigg
Bailey	Bonner	Cederberg
Baker	Bosch	Celler
Baldwin	Bow	Chamberlain
Barrett	Boykin	Chelf
Bass, N. H.	Boyle	Chenoweth
Bass, Tenn.	Brooks, La.	Chiperfield
Bates	Brooks, Tex.	Christopher

Clark	Holmes	Poage
Clevenger	Holtzman	Polk
Coad	Horan	Porter
Coffin	Hosmer	Powell
Collier	Huddleston	Preston
Cooley	Hull	Price
Corbett	Hyde	Prouty
Coudert	Ikard	Rains
Cramer	Jackson	Ray
Cretella	James	Reece, Tenn.
Cunningham,	Jarman	Reed
Iowa	Jenkins	Rees, Kans.
Curtin	Jennings	Reuss
Curtis, Mass.	Johnson	Rhodes, Ariz.
Curtis, Mo.	Jones, Ala.	Rhodes, Pa.
Dague	Karsten	Riehlman
Davis, Ga.	Kean	Riley
Davis, Tenn.	Kearney	Rivers
Dawson, Ill.	Kearns	Roberts
Dawson, Utah	Keating	Robison, N. Y.
Delaney	Kee	Robison, Ky.
Dellay	Keogh	Rodino
Dempsey	Kilburn	Rogers, Colo.
Dennison	Kilday	Rogers, Fla.
Denton	Kilgore	Rogers, Mass.
Derounian	King	Roosevelt
Devereux	Kirwan	Sadlak
Diggs	Kluczynski	Santangelo
Dngell	Knox	St. George
Dixon	Knutson	Saund
Dollinger	Lafore	Saylor
Donohue	Landrum	Schenck
Dooley	Lane	Scherer
Dorn, N. Y.	Lankford	Scott, Pa.
Doyle	Latham	Scrivner
Durham	LeCompte	Scudder
Dwyer	Lesinski	Seely-Brown
Eberharter	Libonati	Selden
Edmondson	Lipscomb	Sheehan
Elliott	Long	Shelley
Engle	Loser	Sheppard
Evins	McCulloch	Sieminski
Fallon	McFall	Sikes
Farbstein	McGovern	Simpson, Pa.
Fascell	McIntire	Sisk
Feighan	McIntosh	Smith, Miss.
Fenton	Machrowicz	Smith, Va.
Fino	Mack, Ill.	Staggers
Flsher	Madden	Stauffer
Flood	Magnuson	Steed
Fogarty	Mahon	Sullivan
Forand	Mailliard	Taber
Ford	Marshall	Talle
Forrester	Martin	Taylor
Fountain	May	Teague, Calif.
Frazier	Metcalf	Teague, Tex.
Frelinghuysen	Michel	Teller
Friedel	Miller, Calif.	Tewes
Fulton	Miller, Md.	Thomas
Garmatz	Miller, N. Y.	Thompson, La.
Gary	Mills	Thompson, N. J.
Gathings	Minshall	Thompson, Tex.
Gavin	Mitchell	Thomson, Wyo.
George	Montoya	Thornberry
Glenn	Morano	Tollefson
Gordon	Morgan	Trimble
Granahan	Morris	Udall
Gray	Moss	Ullman
Green, Oreg.	Moulder	Vanik
Gregory	Multer	Van Zandt
Griffin	Mumma	Vinson
Griffiths	Murray	Vorys
Gubser	Natcher	Vursell
Hagen	Nicholson	Walter
Hale	Norblad	Watts
Halleck	Norrell	Westland
Hardy	O'Brien, Ill.	Whitener
Harris	O'Brien, N. Y.	Widnall
Haskell	O'Hara, Ill.	Wier
Hays, Ark.	O'Hara, Minn.	Wigglesworth
Hays, Ohio	O'Neill	Willis
Healey	Osmers	Wilson, Calif.
Hébert	Ostertag	Withrow
Herlong	Patman	Wolverton
Heselton	Patterson	Wright
Hess	Pelly	Yates
Hill	Perkins	Young
Hillings	Pfost	Younger
Hoeven	Philbin	Zablocki
Hollifield	Pilcher	Zelenko

NAYS—71

Abbott	Bray	Gross
Abernethy	Breeding	Gwinn
Adair	Brownson	Haley
Alexander	Byrnes, Wis.	Harden
Alger	Cannon	Harrison, Nebr.
Andersen,	Church	Harrison, Va.
H. Carl	Colmer	Harvey
Andrews	Cunningham,	Hemphill
Ashmore	Nebr.	Henderson
Baring	Dorn, S. C.	Hiestand
Beamer	Dowdy	Hoffman
Berry	Flynt	Holt

Jensen	Miller, Nebr.	Smith, Kans.
Johansen	Neal	Springer
Jonas	Nimtz	Tuck
Jones, Mo.	Poff	Utt
Kitchin	Robeson, Va.	Van Pelt
Krueger	Rogers, Tex.	Weaver
Laird	Rutherford	Wharton
Lennon	Schwengel	Whitten
McMillan	Scott, N. C.	Williams, Miss.
McVey	Shuford	Wilson, Ind.
Mack, Wash.	Siler	Winstead
Mason	Simpson, Ill.	
Matthews	Smith, Calif.	

ANSWERED "PRESENT"—1

O'Konski

NOT VOTING—28

Barden	Kelly	Passman
Belcher	McCarthy	Pillion
Buckley	McCormack	Rabaut
Burdick	McDonough	Radwan
Carnahan	McGregor	Rooney
Dies	Macdonald	Spence
Grant	Meador	Wainwright
Green, Pa.	Merrow	Williams, N. Y.
Holland	Moore	
Judd	Morrison	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. McCormack for, with Mr. O'Konski against.

Mr. Rooney for, with Mr. Passman against.

Mr. Buckley for, with Mr. Dies against.

Mrs. Kelly for, with Mr. Barden against.

Until further notice:

Mr. Spence with Mr. Judd.

Mr. Rabaut with Mr. Moore.

Mr. Green of Pennsylvania with Mr. Wainwright.

Mr. Grant with Mr. McGregor.

Mr. Carnahan with Mr. Pillion.

Mr. Holland with Mr. Radwan.

Mr. McCarthy with Mr. Merrow.

Mr. Macdonald with Mr. McDonough.

Mr. Morrison with Mr. Williams of New York.

Mr. O'KONSKI. Mr. Speaker, I have a live pair with the gentleman from Massachusetts [Mr. McCORMACK]. If he were present he would have voted "yea." I voted "nay." Therefore I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. WEAVER. Mr. Speaker, I am opposed to an increase of \$5 billion in the public debt limit today just as I was when a similar measure was approved over 2 years ago.

The whole purpose of limiting our national debt is so that we can control our spending and the responsibility for spending properly rests with the Congress, not with the executive branch of the Government. There can be no control or restraint on spending as long as we are content to make borrowing easier.

Such a debt extension, I feel, should not be granted—

First. Until all agencies of Government are directed to freeze any and all unobligated funds, as of the date, so that a close reexamination of expenditure requirements can be made. A good example of what I am talking about, Mr. Speaker, is the \$3.1 billion of unobligated funds for foreign-aid spending.

Second. Until we have evidence of a realistic dollar saving reorganization of the defense department which now is

spending more than half of each tax dollar.

Sputnik is serious, but we should keep our equilibrium and not lose our heads. Going further into debt before it is necessary is only giving aid and comfort to the enemy.

CORRECTION OF ROLL CALL

Mr. KEARNS. Mr. Speaker, I am recorded as being absent on the quorum call yesterday. I was present and answered to my name. I ask unanimous consent that the permanent RECORD and the Journal be corrected accordingly.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. GUBSER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GUBSER. Mr. Speaker, I should like to inquire if the bells in the Old House Office Building were in working order during roll call No. 5, on the motion to recommit.

The SPEAKER. The Chair was not there, so he cannot say.

PERSONAL ANNOUNCEMENT

Mr. GUBSER. Mr. Speaker, I know that I did not hear them, and I know two other Members did not hear them. I should like to announce at this time that had I been present, I would have voted "nay."

SUBCOMMITTEE ON GENERAL EDUCATION

Mr. BAILEY. Mr. Speaker, I ask unanimous consent that the Subcommittee on General Education have permission to sit during general debate today.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

LABOR-MANAGEMENT RELATIONS MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 316)

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee on Education and Labor and ordered to be printed:

To the Congress of the United States:

There are submitted herewith for the consideration of the Congress, recommendations for amendments to the Taft-Hartley Act and for additional legislation to provide greater protections for the rights of individual workers, the public, and management and unions, in labor-management relations.

I

No labor-management relations legislative program today can ignore the disclosures of corruption, racketeering and abuse of trust and power in the labor-management field. Many of these disclosures have been made in congressional hearings and in investigations by grand

juries and local law enforcement agencies. In the various States vigilant attention by law enforcement officials, and public interest in the effective enforcement of existing laws against criminal activity, are doing much to eliminate many of the evils and abuses which have occurred. Union officials—most of whom are decent, honest Americans—are also doing much to eliminate the few in the ranks of organized labor who are corrupt. However, the importance to American workers and to the public of preventing the impairment of the individual rights of employees and the fact that voluntary action is inadequate in this respect have become increasingly evident. In order to protect the basic rights of the individual worker and to maintain the integrity of trade unionism itself, action on the part of the Government is needed.

The American public is in need of reassurance:

1. That the funds which are set aside for the benefit of working men and women in health, welfare and pension plans are accounted for.

2. That the moneys which are contributed by workers to union treasuries are being used solely to advance their welfare.

3. That organizations in which working people associate together voluntarily to improve their status through collective action will be administered in such fashion as to reflect their will.

4. That working people are more fully protected from dealings between representatives of labor and management which have the effect of preventing the full exercise of their rights to organize and bargain collectively.

5. That the public is protected against unfair labor and management practices within the collective bargaining relationship which give rise to the exercise of coercive power by one as against the other tending to impede the peaceful development of that relationship, or which infringe the legitimate rights of innocent third parties.

The Secretary of Labor has recommended to me a comprehensive program of legislation which, if enacted, will, I believe, give that reassurance to the American public. His recommendations constitute the program of this administration in the labor-management field, and the administration urges the Congress to enact legislation:

1. To require the registration and detailed annual reporting to the Department of Labor, with appropriate disclosure, of all plans which provide health, welfare or pension benefits to working men and women, whether administered by employers, by unions, or jointly by both. The administration made specific legislative recommendations in this respect in 1956 and 1957.

2. To require:

(a) That all labor organizations, having members employed in industries affecting commerce or which receive benefits of tax exemption under the Internal Revenue Code, including regional and local conferences and councils, shall:

(1) File with the Department of Labor detailed annual financial reports, which

shall be available for public examination.

(2) Maintain proper financial books and records open to the scrutiny of all of their members.

(b) That officers of such labor organizations who handle union funds be held to the highest degree of responsibility for the funds committed to their care by union members; and that the members of such organization be given an unequivocal right to sue in Federal or State courts to enforce these responsibilities. This would not supersede existing State statutes or judicial remedies.

3. To require that all labor organizations:

(a) File annually with the Department of Labor detailed information as to their constitutions, bylaws, and organizational structure and procedures.

(b) Show by appropriate reporting that their members have the right and opportunity to elect and have elected at intervals of not more than 4 years their local officers directly by secret ballot and their national officers either directly by secret ballot or through delegate bodies elected directly by the membership by secret ballot, with due notice of any election being given to the members. The Department of Labor would be authorized to make full public disclosure of these reports.

4. To require:

(a) That all employers report to the Department of Labor all financial dealings with labor organizations or their representatives either directly or through a third party, but exempting those employer payments specifically authorized by law or reported under other requirements of law; to require that all labor organizations and representatives of labor organizations report to the Department of Labor all such financial dealings with employers either directly or through a third party; and to authorize the Department of Labor to make full public disclosure of these reports.

(b) To prohibit by the application of appropriate civil and criminal laws financial dealings between employers and labor unions which operate to impair the rights of working people to organize, to select their bargaining representative, or effectively to bargain collectively; specifically to amend the Taft-Hartley Act to prohibit payments made to employee representatives by employer agents or representatives, as well as those made directly by employers, except as authorized by law; to cover employer payments to an employee representative other than a representative of his employees; to prohibit payments over and above payments for regular job duties made by an employer, his agent, or representative to an employee or group or committee of employees to influence other employees in the exercise of their right of self-organization or the selection of a bargaining representative; and to make it clear that employer payments to trust funds for apprenticeship and training purposes are not prohibited.

5. For effective administration of this program of reporting and disclosure of general union funds, conflicts of interest, union organization and structure, and

also the program for reporting and disclosure of welfare and pension plans, the administration recommends that there be created in the Department of Labor a Commissioner of Labor Reports, who would be responsible to the Secretary for the performance of duties under the new legislation. The Commissioner should be appointed by the President with the advice and consent of the Senate. In the administration of these reporting requirements the Commissioner of Labor Reports would be empowered through authority derived from the Secretary of Labor to:

(a) Make full public disclosure of all information contained in the reports;

(b) Seek injunctions against violations;

(c) Investigate reports of violations of the reporting requirements, including the accuracy of reports filed, and charges that union election or procedural practices are not in accordance with the reporting requirements; and

(d) Issue subpoenas for the production of all appropriate books and records and compel testimony by witnesses.

6. In order to insure the effective enforcement of this program, the administration recommends that the following criminal and administrative sanctions be enacted into law:

a. Criminal:

(1) The embezzlement of general union funds, false statements or entries, or willful destruction of books should be made punishable as a felony.

(2) The Criminal Code provisions relating to filing of false information should be made specifically applicable to these reports.

(3) The failure of an employer or a union to file required reports should be made a misdemeanor.

(4) A new bribery section should be added to the Criminal Code making it a felony for an employer, or his agent or representative, or any union official or representative, to make or receive any payments to influence improperly the actions of the other in labor-management matters. To facilitate prosecutions of violations of this section, there should be included a provision for immunity to witnesses.

b. Administrative:

At the present time any labor organization covered by the National Labor Relations Act is denied access to its processes if it fails to file financial and organizational reports. This should be continued. In addition subject to the requirements of the Administrative Procedure Act, including judicial review, for the willful failure to file true and proper reports the administration recommends that:

(1) All labor organizations and employers be denied all rights or privileges available to them under Federal labor-management relations laws.

(2) All labor organizations be liable to revocation of any outstanding certification as bargaining representative under any law of the United States.

(3) All labor organizations be liable to the forfeiture for an appropriate period of tax exemptions available to them under the Internal Revenue Code.

7. Certain provisions of the National Labor Relations Act afford opportunity for labor or management to coerce the other, often with detrimental effect on individual employees, innocent third parties, and the general public. The administration recommends that the ambiguities and inequities that exist in these provisions be removed by amending them as follows:

(a) Amend the secondary boycott provisions of the act to make it clear that they prevent—

Direct coercion of an employer to cease doing business with another;

Coercion of employers by inducement or encouragement of individual employees to refuse to perform services;

Coercion of secondary employers who do not come within the act's definition of "employer"; and

Coercion of employers to enter into or to enforce agreements to cease using the products of, or to cease doing business with, another person.

To further amend the secondary boycott provisions to make it clear that they do not prevent—

Activity against a secondary employer who is performing "farmed out" work in behalf of a struck employer; or

Activity against secondary employers engaged in work on a construction project with the primary employer.

(b) Amend the act to make it an unfair labor practice for a union, by picketing, to coerce an employer to recognize it as the bargaining representative of his employees or his employees to accept or designate it as their representative where—

The employer has recognized in accordance with law another labor organization;

The employees, within the last preceding 12 months, have rejected the union in a representative election; or

It is otherwise clear that the employees do not desire the union as their bargaining representative.

(c) Amend the act to eliminate the statutory prohibition which bars economic strikers who are not entitled to reinstatement from voting in representation elections.

II

In addition to the above the administration recommends that several other changes be made in the Labor-Management Relations Act of 1947. Some of these changes have been proposed before, some are new, but all are intended to strengthen and improve the act where experience has shown that correction is needed. These proposals are as follows:

1. Amend the act to eliminate the jurisdictional gap referred to in recent Supreme Court decisions by authorizing the States to act with respect to matters over which the National Labor Relations Board declines to assert jurisdiction.

2. Amend the act to authorize the Board, under appropriate circumstances, to certify as bargaining representatives, without a prior election, unions acting in behalf of employees primarily engaged in the building and construction industry.

3. In view of the enactment of the Communist Control Act of 1954, amend

the act to eliminate the provision requiring the filing of non-Communist affidavits by officers of unions seeking to use the act's processes.

4. Amend the act so that parties to a valid collective bargaining agreement may not be required to negotiate during the life of the agreement unless it provides for reopening or the parties mutually agree to its being reopened.

5. Amend the act to make it clear that when the Office of the General Counsel becomes vacant the President may designate some other officer or employee to serve as Acting General Counsel during the vacancy.

These legislative recommendations are designed to benefit and protect the welfare of American workers and the general public, to curb abuses, and to provide greater harmony and stability in labor-management relations. They take into consideration the fundamental principle that an effective right to organize and bargain collectively is an essential part of this Nation's free and democratic society.

I urge that the Congress give speedy consideration to these proposals.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, January 23, 1958.

SUPPLEMENTAL DEFENSE APPROPRIATION BILL—1958

Mr. MAHON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 10146) making supplemental appropriations for the Department of Defense for the fiscal year ending June 30, 1958, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 10146, with Mr. PRICE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the gentleman from Texas [Mr. MAHON] had remaining 1 hour and 47 minutes; the gentleman from Massachusetts [Mr. WIGGLESWORTH] had remaining 2 hours and 30 minutes.

The Chair recognizes the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. WIGGLESWORTH. Mr. Chairman, I yield myself 30 minutes.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield.

Mr. JONES of Alabama. Mr. Chairman, I ask unanimous consent to extend my remarks immediately following the statement of the gentleman from Massachusetts.

The CHAIRMAN. Is there objection? There was no objection.

Mr. WIGGLESWORTH. Mr. Chairman, last summer this House reduced appropriations for our own military programs by \$2½ billion. It also reduced the military programs for our allies by three-quarters of a billion dollars or thereabouts.

H. R. 9955

IN THE SENATE OF THE UNITED STATES

JANUARY 23, 1958

Read twice and referred to the Committee on Finance

AN ACT

To provide for a temporary increase in the public debt limit.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That, during the period beginning on the date of the enact-
4 ment of this Act and ending on June 30, 1959, the public
5 debt limit set forth in the first sentence of section 21 of the
6 Second Liberty Bond Act, as amended, shall be temporarily
7 increased by \$5,000,000,000.

Passed the House of Representatives January 23, 1958.

Attest:

RALPH R. ROBERTS,

Clerk.

85TH CONGRESS
2D SESSION

H. R. 9955

AN ACT

To provide for a temporary increase in the
public debt limit.

JANUARY 23, 1958

Read twice and referred to the Committee on Finance

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued February 21, 1958

For actions of February 20, 1958

85th-2d, No. 26

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HIGHLIGHTS: House committee reported second supplemental appropriation bill. Sen. Cooper urged continuance of 90-percent price supports for tobacco. Senate concurred in House amendment to bill to relieve certain persons of Khapra beetle expense. Rep. Dixon inserted Asst. Secretary McLain's testimony on wool.

SENATE

- 1. TOBACCO.** Sen. Cooper urged the Senate Agriculture Committee's Tobacco Subcommittee to follow the lead of the House in rejecting attempts to alter the present 90-percent supports for tobacco, and inserted news articles on the Farm Bureau's support of the present program and the results of the grower referendum in Ky., Tenn., and Va. pp. 2128-9
- 2. INSECT CONTROL.** Concurred in the House amendment to S. 1805, to relieve certain persons of the expenses incurred in kaphra beetle eradication. This bill will now be sent to the President. p. 2132
- 3. PUBLIC DEBT.** The Finance Committee reported without amendment H. R. 9955, to authorize a temporary \$5 billion increase in the public debt limit (S. Rept. 1297). This bill was made the Senate's pending business. pp. 2124, 2148
- 4. POSTAL SERVICE.** The Post Office and Civil Service Committee ordered reported with amendments H. R. 5836, to readjust postal rates and establish a Congressional policy for the determination of such rates. The "Daily Digest" stated the bill would raise \$750 million in revenue, increasing first class local mail to 4¢, non-local to 5¢, post cards to 3¢, providing three 10% raises for second-class mail over the next three years, and increasing the minimum per piece on third-class mail to 2¢ now, 2½¢ on July 1, 1959. pp. D122-3

5. FOREIGN AID. Sen. Smith, N. J., commended the foreign aid program and inserted an editorial concurring with the President's mutual security message. p. 2132
Sen. Wiley announced the National Conference on Foreign Aspects of United States National Security would meet in Washington on Feb. 25 and inserted news releases on the meeting. pp. 2147-8
6. FOREST ROADS. On Feb. 17 Sens. Barrett, O'Mahoney, Watkins, Allott, Bible, Bennett, Dworshak, and Magnuson submitted an amendment to be proposed by them to S. 3088, to amend the Federal-Aid Road Act to authorize appropriations for continuing the construction of highways. The amendment would increase the authorizations for forest highways from \$30 million to \$40 million for fiscal year 1960.
7. POSTAL SERVICE; FORESTRY; PUBLIC WORKS. Sens. Morse, Neuberger, Johnston, Jackson, and Gore discussed the postal rates proposed and the public works program (pp. 2136-42). Sen. Neuberger compared the postal deficit with Forest Service profitable operations (p. 2139). Sen. Morse criticized the lease-purchase programs for public buildings (pp. 2140-1).
8. EDUCATION. Sen. Humphrey inserted an article by Dr. Charles Quattlebaum of the Library of Congress comparing education in Russia and the U. S. and urging a broadly based program to improve U. S. education. pp. 2148-52
9. DAIRY PRICE SUPPORTS. Sen. Humphrey inserted resolutions from the Beltrami, Minn., County Commissioners and the Onamia, Minn., Farmers' Union local, opposing any cuts in dairy price supports and urging legislation to maintain them at present levels. pp. 2122, 2133
10. CORN. Sen. Humphrey inserted a resolution of the Ortonville, Minn., Civic and Commerce Ass'n urging a relaxation of standards on grading 1957 corn to meet Government loan requirements. p. 2122
11. WOOL. Sen. Humphrey inserted a resolution of the Minn. Wool Growers Ass'n urging extension of the National Wool Act without any crippling amendments. p. 2122
12. TRADE AGREEMENTS. Sen. Humphrey inserted a Minneapolis, Minn., Chamber of Commerce resolution urging extension of the Trade Agreements Act for 5 years. pp. 2122-3
13. SCHOOL LUNCH. Sen. Humphrey inserted a resolution of the Central Minn. School Administrators urging increased appropriations for the school-lunch program. p. 2123
14. LEGISLATIVE PROGRAM. Sen. Johnson announced that the postal rate bill would be considered Tues., Feb. 25, to which would be offered an amendment attaching the postal pay bill, and that at the conclusion of action on the bills the Senate would proceed to consider the classified pay raise bill. pp. 2134-6

TEMPORARY INCREASE IN PUBLIC DEBT LIMIT

FEBRUARY 20 (legislative day, FEBRUARY 19), 1958.—Ordered to be printed

Mr. BYRD, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 9955]

The Committee on Finance, to whom was referred the bill (H. R. 9955) to provide for a temporary increase in the public debt limit, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

GENERAL STATEMENT

Section 21 of the Second Liberty Bond Act, as amended, provides a permanent limit of \$275 billion on the amount of the public debt securities which may be outstanding at any one time. In the 83d Congress (Public Law 686, 83d Cong., 2d sess.) the public debt limit was temporarily increased from \$275 billion to \$281 billion, or by \$6 billion. This temporary increase was extended in the 84th Congress (Public Law 124), 84th Cong., 1st sess. until June 30, 1956, and again in that Congress (by Public Law 678, 84th Cong., 2d sess.) but this time by only \$3 billion for the period ending June 30, 1957. After June 30, 1957, the public debt limit reverted to the permanent limit of \$275 billion.

The Secretary of the Treasury has again requested that the existing debt limit be temporarily increased. He has requested that the permanent limit be temporarily increased to \$280 billion, or by \$5 billion, for the period beginning on the date of enactment and ending on June 30, 1959.

Your committee is concerned both about the necessity of increasing the debt limit over the present statutory limit of \$275 billion and the amount of the temporary increase requested by the administration. However, in view of the Secretary's statement (much of which is quoted below) concerning the necessity for flexibility in managing the fiscal affairs of the Government, and in view of the unsettled conditions confronting the United States on both the economic and inter-

national fronts, it is deemed necessary to provide the authority requested by the Secretary and to increase temporarily the maximum debt limit by \$5 billion for the period beginning on the date of enactment and ending on June 30, 1959.

In providing for such increase, your committee places primary reliance upon the Secretary's assurance that those in the administration will exert all of their abilities to achieve the utmost economy in governmental operations and to manage the public debt as best they can in the national interest.

The Secretary of the Treasury made the following statement before your committee in support of this increase:

I want to make clear at the outset that the need for a debt limit increase is based on—

1. The fact that cash balances have been running distressingly low * * *.
2. There is need for more flexibility for more efficient and economical management of the debt.
3. Even with a balanced budget there will still be large seasonal fluctuations in receipts which make operations under the \$275 billion limitation most difficult.

This request, made within the framework of our 1959 budget estimates for revenue and expenditures, emphasizes not only much-needed flexibility as outlined above, but takes into account contingencies which might develop in a world filled with uncertainties.

* * * * *

One of the most serious difficulties encountered by the Treasury in operating under the present limitation is the problem of carrying out our financing in an orderly and economical manner. A large portion of our public debt is made up of securities with relatively short maturity.

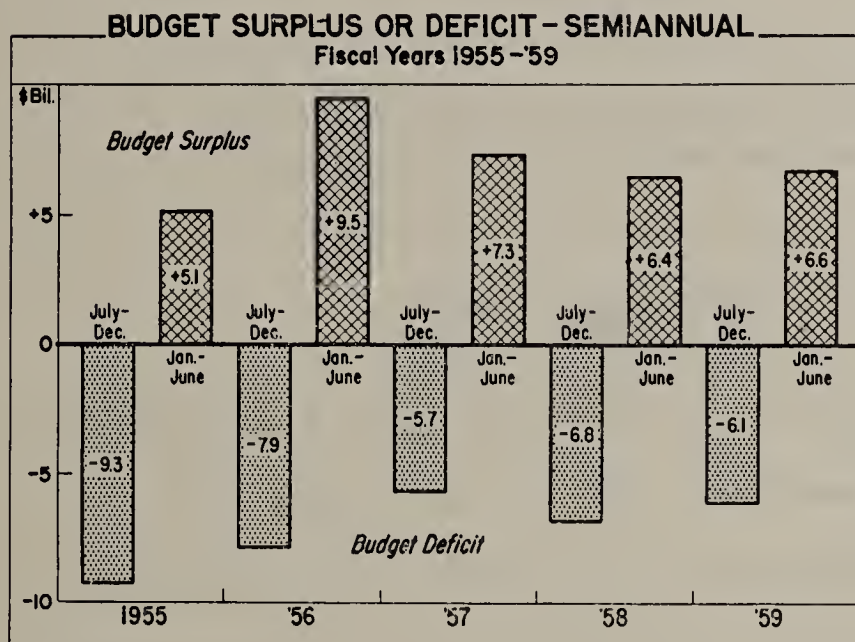
* * * * *

Some part of this short-term indebtedness is coming due each month, so that at all times the Treasury is faced with substantial refunding problems. An objective of sound fiscal policy is to extend the maturity of new issues whenever opportunities are available, so as to avoid concentrating too large a portion of the public debt in the area of short maturities.

In recent years, due to market conditions or the restrictions of the debt limit, opportunities to accomplish this objective have not been very frequent. We should be able to take advantage of opportunities in the period ahead of us. Under the present debt limit, we would not be able to take full advantage of such opportunities. During the past several months, we have been able to issue only relatively small amounts of longer maturities on two occasions. The practice of the Government going frequently to the market disturbs not only the market for Government securities but also the

market for corporate, State, and municipal securities. We should be able to conduct our operations on a scale commensurate with our needs and in accordance with the conditions which prevail. We should as far as possible leave the markets freer to absorb new financing by State and local governments and private businesses.

The circumstances which I have outlined, in our judgment, require a prompt temporary increase in the present statutory debt limitation. We will still experience in fiscal year 1959 a continuation of seasonal peaks in the collection of corporate income taxes. These collections of corporate taxes are gradually being leveled off, but there are still large seasonal fluctuations. Under these circumstances, it is necessary for the Treasury to borrow large sums in the July-December period to meet expenditures, and to pay off such borrowings in the January-June period, even in years when we have balanced budgets.



Office of the Secretary of the Treasury

8-1121-D

It is difficult to make precise month-to-month forecasts which reflect all operations of the Government, including collection of a great many types of revenues, the rates of expenditures under the programs of each agency, the issue and retirement of our public debt obligations, and all of the multitude of operations reflected in the total inflow and outflow of the Treasury. We have, however, made estimates of the public debt and cash balances which are based upon our best judgment as of the moment, and I am submitting for your information these figures in the attached table 3. These figures assume maintaining mid-month and end-of-

month cash balances of \$3.5 billion and for an allowance of \$3.0 billion for flexibility in financing and for contingencies.

We want to reemphasize that we are now at the period of the year when the Treasury finds itself in a most difficult position and at a time when we are facing major financing operations. We respectfully urge, therefore, that the Congress give prompt consideration to this matter.

We at the Treasury assure you that we will exert all our abilities to achieve the utmost economy in governmental operations and to manage the public debt as best we can in the national interest.



Calendar No. 1316

85TH CONGRESS
2D SESSION

H. R. 9955

[Report No. 1297]

IN THE SENATE OF THE UNITED STATES

JANUARY 23, 1958

Read twice and referred to the Committee on Finance

FEBRUARY 20 (legislative day, FEBRUARY 19), 1958

Reported by Mr. BYRD, without amendment

AN ACT

To provide for a temporary increase in the public debt limit.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That, during the period beginning on the date of the enact-
4 ment of this Act and ending on June 30, 1959, the public
5 debt limit set forth in the first sentence of section 21 of the
6 Second Liberty Bond Act, as amended, shall be temporarily
7 increased by \$5,000,000,000.

Passed the House of Representatives January 23, 1958.

Attest:

RALPH R. ROBERTS,

Clerk.

85TH CONGRESS
2d Session
H. R. 9955

[Report No. 1297]

AN ACT

To provide for a temporary increase in the
public debt limit.

JANUARY 23, 1958

Read twice and referred to the Committee on Finance

FEBRUARY 20 (legislative day, FEBRUARY 19), 1958

Reported without amendment

Denying the subsidized airlines the use of their capital gains in effect is a dissipation of capital assets to pay operating expenses. It is hard to believe that this uneconomic practice was the intent of Congress in requiring the CAB to furnish compensation sufficient for the development of air transportation.

H. R. 5822 will not impose any additional cost on the Treasury. The Civil Aeronautics Act requires the CAB to provide the airlines with subsidy sufficient " * * * to maintain and continue the development of air transportation." The broad scope of this language was discussed in an opinion of the United States Court of Appeals for the District of Columbia only last month. The court said:

"The objective of the Congress is plain. It is the maintenance and continued development of air transportation to the extent and of the quality required for the national commerce, postal service, and defense. The objective is on a grand scale. It is for the public interest. It is vital. The words used are important, because they depict with clarity a congressional policy. Moreover the payment is 'to enable such air carrier.' Congress did not put the responsibility for development of an air transportation system wholly upon Government agencies. In this statute the Congress sought to utilize the abilities and the capacities of the private air carriers. The purpose of the compensation is to enable the carriers 'to maintain and continue the development.' Maintenance of an adequate air transportation system is one purpose. Continued development is the other—not merely development but continued development.

Congress proposed to supply the funds for this program through the conduit of mail pay. Carriers are to be paid compensation for carrying the mail, not only in amounts sufficient to recompense them for the service but also in amounts needed for the broader, bigger program in the national interest. The need which the statute seeks to meet is not the need of the carrier for funds for its own private purposes for its own operation or profit. It is the need for the carrier for funds to enable such carrier to carry on for the purposes depicted by the Congress in the interest of the Nation.

If this mandate for continuing the development of aid transportation is to be met by the CAB, the CAB must provide the necessary subsidy, not only for operating needs, but also to provide earnings adequate to give the airlines the credit needed to finance their capital requirements. The CAB has recognized this principle in its own decisions and has quoted the language of the United States Supreme Court in the *Hope Natural Gas Co.* case, that to be fair and reasonable, a rate should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital. Therefore, if the CAB follows the law, the subsidy needed by the airlines will not be any greater, whether provided in the form of the higher subsidy rate alone or lower subsidy rate plus capital gains.

In fact, enactment of H. R. 5822 will save money for the taxpayers. If capital gains are taken away there will be no incentive for the airlines to dispose of their used flight equipment. Retention of marginal equipment will mean higher costs and less efficient operations which, in turn, will have to be paid for by increased subsidy under the mandate of the act.

Meanwhile, the Treasury loses the benefit of the capital gains taxes on the used equipment which otherwise would have been sold.

Furthermore, unless the airlines can maintain a modern fleet of aircraft, the Air Force may not be able to continue to rely upon the airlines for its strategic air transport re-

serve in case of national emergency. Such a fleet would have to be otherwise provided at Government expense.

H. R. 5822 has been passed by the House, approved without dissent by the Senate Committee on Interstate and Foreign Commerce, and an earlier version of the bill was passed by the Senate during the 84th Congress. The matter has been pending before Congress and the CAB for nearly 2 years. The delay has been detrimental and becomes more so with each passing day. The reasons for enactment are compelling, as is the urgency of the times; failure to enact immediately would appear inexcusable.

ORDER FOR RECESS UNTIL 'TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the business of the Senate is concluded today, the Senate stand in recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONSTRUCTION OF U. S. S. "ARIZONA" MEMORIAL AT PEARL HARBOR

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 5809) to authorize construction of a U. S. S. *Arizona* memorial at Pearl Harbor.

THE FEBRUARY 25 CONFERENCE ON FOREIGN ASPECTS OF UNITED STATES NATIONAL SECURITY

Mr. WILEY. Mr. President, this coming Tuesday, in the Statler Hotel, there will convene one of the most significant, and potentially useful, gatherings which has occurred in a very long time in our Nation's Capital.

I refer to the National Conference on Foreign Aspects of United States National Security.

This is the conference at which will be present many of the great leaders of our land; in public office and in private life. Its purpose will be to consider the importance of American security through the maintenance of sound foreign policy—political, military, and economic.

It is the good fortune of this Nation that there is at the helm of this conference one of our finest public servants and able businessmen, an outstanding worker in the vineyard for peace and prosperity, Mr. Eric Johnston.

It will be my purpose within the next few days, to comment on some of the phases of the problem which he, and his associates, will be meeting head on.

Naturally, we all appreciate that no 1-day conference can hope to make a lasting dent in a problem so big, so varied; yes, so controversial.

But we have every reason to believe that a great deal will be accomplished and that, thereafter, there will be an effective followthrough.

I send to the desk, now, the text of two releases which have been issued by Mr. Johnston's office.

I ask unanimous consent that both of these releases be printed at this point in the body of the RECORD.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

NATIONAL CONFERENCE ON FOREIGN ASPECTS OF UNITED STATES NATIONAL SECURITY

Approximately one hundred political, civic, educational and religious leaders have accepted invitations for places of honor at the Conference on Foreign Aspects of National Security to be held at the Statler Hotel on February 25.

The nonpartisan conference has been called by Eric Johnston at the request of President Eisenhower to explore means of conveying to our citizens a fuller flow of information about the mutual security program. The final event of the all-day meeting will be a dinner at which the President will deliver a major foreign policy address.

During the course of the day the conference will be addressed by Vice President Nixon; former President Harry Truman; Secretary of State John Foster Dulles; former Governor Adlai E. Stevenson; Neil H. McElroy, Secretary of Defense; Allen W. Dulles, Director of the Central Intelligence Agency; Rev. Edwin T. Dahlberg, president of the National Council of Churches of Christ in the U. S. A.; Rabbi Theodore L. Adams, president of the Synagogue Council of America; and Bishop Fulton J. Sheen, auxiliary bishop of New York.

Acceptances to date for the speakers' table at the dinner meeting include: Mrs. Dwight Eisenhower; Neil H. McElroy, Secretary of Defense; Christian Herter, Under Secretary of State; Douglas Dillon, Deputy Under Secretary of State; James H. Smith, Jr., Director of International Cooperation Administration; Senators Lyndon B. Johnson, majority leader; William F. Knowland, minority leader; Everett M. Dirksen, minority whip; Leverett Saltonstall, chairman Republican conference; Theodore F. Green, chairman, Foreign Relations Committee; Alexander Wiley, Foreign Relations Committee; Thomas Hennings; Representatives Sam Rayburn, Speaker of the House; Joseph W. Martin, Jr., minority leader; Carl Albert, majority whip; Leslie C. Arends, minority whip; Charles Halleck; Thomas E. Morgan, chairman, House Foreign Affairs Committee; Robert Chipfield, House Foreign Affairs Committee; Clarence Cannon, chairman, House Appropriations Committee; John Taber, House Appropriations Committee; Chief Justice of the United States Earl Warren and Mrs. Warren; Mrs. Richard Nixon; Mrs. John Foster Dulles; Mr. and Mrs. Sherman Adams; Eugene Black, President of International Bank for Reconstruction and Development; Samuel C. Waugh, chairman, Export-Import Bank; Adlai E. Stevenson; Thomas E. Dewey; Milton Eisenhower; General Alfred Gruenther, president, American Red Cross; Danny Kaye; Leonard Golden-son, president, American Broadcasting Co.; Frank Stanton, president of Columbia Broadcasting Co.; General David Sarnoff, chairman, Radio Corporation of America; Ralph Bunche, Under Secretary United Nations; Mayor Robert F. Wagner; Mrs. Anna Rosenberg; Mrs. Perle Mesta; Samuel Cardinal Stritch, Chicago; Rt. Rev. Henry Knox Sherrill, presiding bishop of the Episcopal Church.

Acceptances for the speakers' table at the luncheon meeting, to be addressed by former President Truman, include to date Under Secretary of State Christian Herter; Deputy Secretary of State Douglas Dillon; Dr. James Killian; Assistant Secretary of Defense Mansfield D. Sprague; James H. Smith, Jr., Director, International Cooperation Administration; Dempster McIntosh, Manager, International Development Loan Fund; George Allen;

Director of USIA; Senators Carl Hayden, Lyndon B. Johnson, William F. Knowland, Everett M. Dirksen, Thomas Hennings, Theodore F. Green, Alexander Wiley; Representatives Sam Rayburn, Joseph W. Martin, Jr., Leslie C. Arends, Charles Hallack, Thomas E. Morgan, Robert Chipperfield; Clarence Cannon; Mr. and Mrs. Dean Acheson, Gov. Orville Freeman, of Minnesota; Milton Eisenhower; Col. Jake M. Avery; Mrs. Merriweather Post.

The afternoon program includes a panel discussion on the proposed mutual-security program for the next fiscal year, led by Vice President Nixon, and a panel on private educational activities, led by Mr. Johnston.

Cochairmen of the conference are Mrs. J. Ramsay Harris and Mr. Erle Cocke, Jr.

NATIONAL CONFERENCE ON FOREIGN ASPECTS OF UNITED STATES NATIONAL SECURITY

Acting on the request of the President, Eric Johnston has invited a number of distinguished Americans and the leaders of nearly 300 national organizations to attend a Conference on Foreign Aspects of United States National Security to be held in Washington on February 25, 1958.

President Eisenhower will make the principal address of the 1-day conference at a dinner meeting at the Statler Hotel.

Others who have accepted invitations to address the conference are former President Harry S. Truman, Vice President Richard M. Nixon, Secretary of State John Foster Dulles, Adlai E. Stevenson, and former Secretary of State Dean G. Acheson.

Attendance will include distinguished citizens and organization leaders in the religions, agriculture, education, industry, labor, the professions and the arts, women's affairs, community and civic activity, and other areas of American community life.

Erle Cocke, Jr., of Dawson, Ga., former national commander of the American Legion and vice president of Delta Airlines, and Mrs. Ellen Harris, of Denver, Colo., former member of the International Development Advisory Board, will serve with Mr. Johnston as co-chairmen of the conference.

The preliminary program for the conference is as follows:

9:30 MORNING SESSION

Opening address: The Honorable John Foster Dulles, Secretary of State.

Address: The Honorable Adlai E. Stevenson.

The Reasons for Military Assistance, the Honorable Neil H. McElroy, Secretary of Defense.

The Soviet Economic and Trade Offensive, the Honorable Allen W. Dulles, Director, Central Intelligence Agency.

The Moral Foundations of United States Foreign Assistance, Rev. Edwin T. Dahlberg, National Council of Churches of Christ in the U. S. A.; Rabbi Theodore L. Adams, president, Synagogue Council of America; Bishop Fulton J. Sheen, auxiliary bishop of New York.

12:30, LUNCHEON SESSION

Introduction: The Honorable Dean G. Acheson, former Secretary of State.

Speaker: The Honorable Harry S. Truman, former President of the United States.

2:30, AFTERNOON SESSION

The Proposed Mutual Security Program, the Honorable Richard M. Nixon, Vice President of the United States.

Question and answer panel: The Honorable Richard M. Nixon; the Honorable C. Douglas Dillon, Deputy Under Secretary of State; the Honorable Mansfield D. Sprague, Assistant Secretary of Defense; the Honorable James H. Smith, Jr., Director, International Cooperation Administration; the Honorable Dempster McIntosh, Manager, Development Loan Fund.

Panel on Post-Conference Education: Mr. Eric Johnston, Mr. Erle Cocke, Jr., and others.

Dinner session: The Honorable Dwight D. Eisenhower, President of the United States.

All sessions of the conference will be held at the Statler Hotel, beginning at 9:30 a. m. and closing with the principal address by the President at the dinner meeting.

The conference originated with the request of the President, addressed to Mr. Johnston on January 11, 1958, to organize a bipartisan assembly of citizens to "explore means of conveying to our citizens a fuller flow of information on the foreign aspects of our national security."

The conference will center on the requirements of United States foreign economic policy, with special emphasis on economic partnership with the developing nations of the free world; and on ways and means of bringing the facts on foreign economic policy to the American people.

In his letter to Mr. Johnston, the President said:

"In recent weeks there have come to the White House many inquiries with respect to the foreign aspects of our national security. They indicate a natural and keen desire to receive fuller information in these particular fields.

"In our free society the Government has a duty to keep the people informed on what it proposed to do, and why. Without full public awareness it is difficult for the Nation to put forward maximum effort and obtain maximum results.

"In the light of the numerous requests that I have received, it would be highly gratifying to me and a great service to the Nation if you would be willing to call in Washington a conference of business and organization leaders, bipartisan in character, to explore means of conveying to our citizens a fuller flow of information on the foreign aspects of our national security."

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business, H. R. 5822, be temporarily laid aside, and that H. R. 9955, having to do with the raising of the debt limit be made the pending business.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 9955) to provide for a temporary increase in the public debt limit.

Mr. MANSFIELD. For the information of the Senate, while this will be the pending business, no action will be taken on it until Monday.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill.

THE DEVELOPMENT OF SCIENTIFIC ENGINEERING AND OTHER PROFESSIONAL MANPOWER

Mr. HUMPHREY. Mr. President, last year I had occasion to mention on the Senate floor the excellent report which Dr. Charles A. Quattlebaum, of the Library of Congress, prepared on The Development of Scientific Engineering and Other Professional Manpower. Those of us who requested this report from the Library of Congress were pleased at the excellent and dispassionate method with

which Dr. Quattlebaum dealt with this complicated subject.

I was pleased, Mr. President, to notice in the January 1958 issue of the Educational Record an article by Dr. Quattlebaum entitled "The E-Bomb: A Proper Instrument of Civilization in the Nuclear Age." This article not only condenses Dr. Quattlebaum's report of last year, but it also supplements that report. The information contained in Dr. Quattlebaum's new article is, if anything, of greater and more wide interest now than the basic report was at the time of its preparation last year in advance of the sputniks.

I congratulate Dr. Quattlebaum on this new contribution, and I ask unanimous consent that the text of his article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE E-BOMB: A PROPER INSTRUMENT OF CIVILIZATION IN THE NUCLEAR AGE¹

(By Dr. Charles A. Quattlebaum)

A number of years ago H. G. Wells pointed out that the fate of civilization depends upon the outcome of a race between education and catastrophe. We may be nearing the end of that race.

The war which international communism is waging against us is being presently fought not with such spectacular weapons as guided missiles, but with education, a proper instrument of civilization, seized upon and converted to use as a weapon. With that instrument we may be defeated unless we awake to the full possibilities of its use for our own defense.

Shortly after Russia's pioneer launching of a space satellite, the American public received information that the Communists had won another first—possession of operational ballistic missiles. Responsible officials of our Government have pronounced them capable of placing atomic explosives across continents and oceans, in devastating evidence of Russian acquisition of scientific knowledge.

However, unless the Communists achieve another scientific breakthrough giving them ability fully to destroy our retaliatory power, it is unlikely that they will attack us soon with their gadgets of death. "We don't have to fight," Communist Party Secretary Khrushchev recently boasted, "let us have peaceful competition and we will show you [Americans] where the truth lies—victory is ours [the Communists']." He declared that: "The capitalists always regard our people as being backward, but today we have more engineers and more supporting engineering personnel than any capitalist country."

As former United States Senator William Benton (now chairman of the board, Encyclopaedia Britannica) has observed: "The Communists from the earliest days gave up butter for guns, but they gave up meat for education."

Education is the E-bomb of the cold war. President Eisenhower has described it as "more important than our Nike batteries, more necessary than our radar warning nets,

¹ This article is based upon a comprehensive, analytic report on the Development of Scientific, Engineering, and Other Professional Manpower, prepared by Mr. Quattlebaum and printed in simultaneous editions for the Senate Committee on Government Operations, the Joint Committee on Atomic Energy, and the House Committee on Education and Labor. Copies of the 172-page document will be available free from each of these committees as long as its supply lasts.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued February 25, 1958
For actions of February 24, 1958
85th-2d, No. 28

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HIGHLIGHTS: Senate committee reported bills to extend special school milk program, dairy program for armed services, and brucellosis eradication. Senate passed bill to increase public debt limit. Sen. Stennis criticized cut in ACP. House committee ordered reported bill to permit soil bank payments to certain producers who exceed (cont'd on page 6)

HOUSE

1. CORN. The Agriculture Committee ordered reported H. R. 10843, to permit soil bank payments to certain producers who exceed their corn acreage allotments, and H. R. 10316, to exclude Ottawa County, Mich., from the commercial corn-producing area during 1958. p. D134
2. FOREST SERVICE. The Agriculture Committee ordered reported H. R. 7953, to facilitate and simplify the work of the Forest Service. p. D134
Received from GAO a report on the review of Forest Service activities in Alaska. p. 2307
3. FARM-CITY WEEK. The "Daily Digest" states that the Agriculture Committee "went on record as favoring H. J. Res. 546, pending before the House Judiciary Committee, to designate November 21-27 as National Farm-City week." p. D134
4. SCHOOL-LUNCH PROGRAM. Rep. Christopher inserted statements by the president of the Mo. Farmers Assoc., criticizing the Department for not making greater quantities of surplus commodities available for the school-lunch program. p. 2278

5. FOOD STAMPS. Rep. Sullivan urged support for legislation to establish a food stamp plan for the distribution of surplus food to the needy, and criticized the Department for not supporting such a plan. p. 2278
6. INSECT CONTROL. Agreed to S. Con. Res. 66, to make certain corrections in the enrollment of S. 1895, to grant relief to certain persons for expenses incurred in kaphra beetle eradication. pp. 2277-78
7. BANKING. Rep. Patman inserted his testimony before the H. Government Operations Committee favoring H. R. 8332, to provide for an annual audit by GAO of certain Federal corporations. pp. 3285-90
8. FOREIGN TRADE. Several Reps. spoke in favor of, and others spoke against, extension of the reciprocal trade agreements program, and discussed foreign trade as it relates to agricultural products.
9. RIVER COMPACT. The Interior and Insular Affairs Committee reported with amendment S. 1086, to grant the consent of Congress to a Bear River compact (H. Rept. 1375). p. 2307
10. PRICE SUPPORTS. Received a Ky. Legislature memorial favoring the maintenance of price supports for tobacco at 90 percent of parity. p. 2309
11. APPROPRIATIONS. Following are additional excerpts from the committee report on H. R. 10881, the second supplemental appropriation bill, 1958:

Translations of foreign documents. "House Document 313 proposed a supplemental appropriation of \$300,000 for the initiation of a program to make available to American science and industry translations of foreign documents in the fields of technology and applied science.

"The Committee has not included this item in the accompanying bill. Funds for this purpose are also requested in the regular 1959 budget and the Committee expects to consider this matter further during the hearings on that estimate. The Department should give this proposal further study in the meantime, in view of the fact that other Federal and private agencies are already doing some work in this field."

Science Foundation. "The additional \$9,900,000 requested is to expand present National Science Foundation programs. The Committee is in agreement these programs can be expanded profitably at this time on an emergency basis, and has approved \$8,750,000 for such purpose. In so doing, however, increased emphasis has been placed by the Committee on the fellowship and teacher training programs."

SENATE

12. PUBLIC DEBT. Passed without amendment H. R. 9955, to increase temporarily until June 30, 1959, the public debt limit by \$5 billion. Rejected a motion to recommit, 12 to 74, and an amendment by Sen. Lausche to confine the increase to \$3 billion, 27 to 56. This measure will now be sent to the President. pp. 2236-9, 2243-9, 2252-61, 2272-3
13. BRUCELLOSIS. The Agriculture and Forestry Committee reported an original bill, S. 3343, to extend the accelerated brucellosis control program under sec. 204 (e) of the Agricultural Act of 1954 for two years (S. Rept. 1320). p. 2217

I wish to repeat that statement. It is the responsibility of Members of Congress to do those things which will create in private industry well-paying jobs, which are absolutely essential to the security and happiness of our people.

I know of no other proposed legislation which would help to accomplish that result now as well as would this bill.

As you know, Mr. President, the job-creation possibilities in building a house are almost limitless. Beginning with the men who dig the basement, the benefits which accrue to all segments of our economy from the construction of a home are almost fantastic. From the standpoint of the actual construction labor alone, they range from the common laborer to the skilled workman. The benefits flow to the bricklayer, the stonemason, the carpenter, the plasterer, the painter, the electrician, the plumber, and the roofer.

Building construction provides jobs for the people who make the concrete blocks, the nails, the electrical wiring, the lighting fixtures, the refrigerators, the stoves, the washing machines, the furnaces, the plumbing equipment, and the hundreds of other items which go into the modern home.

It has been estimated that in the construction of a modern home there are used about 3,000 articles, the production of which is helpful to all phases of labor and the business community. It takes 2 man-years of labor to construct the average home. Mr. President, I know of no more logical step for Congress to take at this time than to pass the bill.

The philosophy of veterans housing legislation has long since been adopted by Congress and is not now at issue.

Under the GI housing bill some \$42 billion has flowed into our economy. It has been a good investment. The loss ratio has been about six-tenths of 1 percent. Less than 36,000 out of more than 5 million loans have been defaulted. The actual dollar loss on home loans has been under \$20 million. More than 1,127,000 veterans have paid their home loans in full. Of the 14 million persons eligible for loans under the GI bill, only 28,000 commitments are outstanding at the moment.

That gives some idea of the extent to which the number of loans has been reduced, and for only one reason, namely, that the mortgages cannot be sold. Likewise, we are given some idea of the extent to which employment would be increased if 500,000 GI houses could be built this year. This is not impossible, because 669,000 were built in 1955.

I recognize that there are now and always have been certain areas in the United States where prospective home buyers have extreme difficulty in arranging for mortgage credit. For the most part, these are the rural areas and small towns. That is why my bill includes a 2-year extension of the VA direct loan program.

There is a twofold purpose in increasing the loan maximum. First, the maximum was set in 1950, and there has been a substantial increase in the cost of residential construction since that date. Second, the increased earnings of Amer-

icans generally, and particularly veterans, makes it possible for them to desire and pay for better housing accommodations.

Mr. President, I believe that if we pass the bill we could well create a market for as many GI homes in 1958 as we provided in 1955. I said a moment ago that I do not think it is unreasonable to expect 500,000 houses to be built. I see no reason why as many should not be built in the next 12 months as were built in 1955.

That would mean 669,000 new home owners; 669,000 refrigerators; 669,000 construction jobs, each requiring 2 man-years of labor; 669,000 stoves; 669,000 furnaces; 669,000 washing machines; and 669,000 more of everything else that goes into the building of a house.

In other words, Mr. President, such a program would at once do effective work for the economy of our Nation; at the same time, it would provide the homes to which our veterans are entitled under the law.

I repeat: Congress has already adopted the philosophy in the GI housing law. It was first expressed in 1944, and since that date Congress has repeatedly renewed it.

Another consequence which will result from the reactivation of the GI loan program will be the elimination of some of the dangerous secondary borrowing devices which have recently sprung into use.

Published reports of the estimates of second mortgages behind primary conventional loans show a somewhat disturbing incidence of these cases in certain areas of the country. For example, the director of the Los Angeles office of FHA estimated that from 70 to 80 percent of all cases involving conventional mortgage financing also involved second mortgages or contracts. This dangerous practice can best be curbed by making available reasonable terms on alternative financing.

As I mentioned earlier, the bill will extend the entitlement of World War II veterans for a period of two years from its present termination date of July 25, 1958.

There still are about 10 million World War II veterans who have not made use of their loan guaranty benefit.

Korean veterans will, of course, have until January 31, 1965, to take advantage of a loan guaranteed by the Veterans Administration.

I am advocating the extension for World War II veterans because I know that many of them have delayed their home purchase plans fully intending to take advantage of their entitlement before the expiration date; but during the past 1½ years or more, when mortgage capital began to tighten, they have found it impossible to get a GI loan.

I think it only fair that we help those World War II veterans whose plans have thus been frustrated to take advantage of this benefit.

It is my firm conviction that the way to meet the present problem brought about by the backward step which our economy has taken is to help private industry do the job. I do not believe we

can solve the problem of creating employment for all willing workers simply by pumping Federal funds into our economy. Certainly I favor some of the proposed public works programs. But in my opinion such programs should be limited to those which are necessary to do the jobs that private capital is unable to undertake. Except for the moderate direct loan program, upon which I commented earlier, I believe that, given the necessary assistance, private industry will take care of the need of providing better housing for Americans.

Mr. President, we cannot afford, at this time, to allow the GI program to die either through its natural termination or through disuse caused by an unrealistic interest rate. I say this both from the standpoint of those veterans who want to use their entitlement, but are unable to do so, as well as with an eye on a residential construction industry. Either of these reasons is an adequate motivating force, and the combination makes it a must.

Mr. President, I ask unanimous consent to have printed at the conclusion of my remarks the text of a statement made by the national economic commission of the American Legion, and also the text of a resolution adopted by the 1957 convention of the American Legion.

There being no objection, the statement and resolution were ordered to be printed in the RECORD.

(See exhibits A and B.)

Mr. CAPEHART. Mr. President, I quote from the resolution one paragraph which recommends exactly what the bill provides with respect to interest rates:

Resolved by the American Legion in national convention assembled at Atlantic City, N. J., September 16-19, 1957, That appropriate legislation be enacted by the Congress to provide the Administrator of Veterans' Affairs with the same authority to regulate interest on VA loans as the FHA Administrator now exercises over FHA loans, with authority within realistic limits to increase or decrease rates to meet changing conditions as they occur, in order to assure the continued flow of GI loans under private auspices.

Mr. President, the bill makes the interest rates flexible. It gives the Administrator the right to raise or lower them. I call that point to the attention of the Senate. A day may come—and I hope it will—when the Veterans' Administrator will lower the interest rates, depending on the economic conditions at that time.

But at the moment we are all talking and thinking about the 4½ million persons who are unemployed. Here is an opportunity, under the existing law which can be extended, to accomplish, under the same principle and in the same manner as has heretofore been so successful, the building of several hundred thousand GI homes. This will, in my opinion, put hundreds of thousands of unemployed persons to work.

I wish to point out one statement the American Legion's economic committee makes, as set forth in the exhibit:

The simple truth is that no one can possibly lend money today at 4½ percent.

Mr. President, I hope the Banking and Currency Committee will immediately

hold hearings on the bill, and that Congress will pass it. I am sure the committee will hold hearings on it immediately, because the committee has a vital interest in this matter. By so doing we shall really do something worth while in respect to unemployment.

EXHIBIT A

The economic committee is deeply concerned over developments adversely affecting the GI home loan program.

For the past 8 months the VA statistics show that World War II and Korean veterans are finding it increasingly difficult to obtain loans at 4½ percent to purchase homes. In fact, it is estimated by the Veterans' Administration officials that for all intent and purposes the program will come to a halt by January 1958.

The simple truth is that no one can possibly lend money today at 4½ percent. Interest rates have risen progressively over the past 6 years, as a result of the tremendous demand for money for all purposes. The present fixed interest rate on GI home loans has thus become less and less attractive to investors.

As brought out in testimony before the convention committee, because of the absence of GI home loans in today's market, our veterans are currently faced with the following choices to borrow money to purchase homes:

1. Use of FHA loans with rates at 5¼ percent, plus one-half percent for FHA insurance; total of 5¾ percent.
2. Use of conventional financing requiring downpayments from 20 percent to 33⅓ percent with interest rates ranging from 5½ percent to 6 percent and over; or
3. Use of second mortgages at rates of better than 6, 7, and up to 10 percent.

Each of these alternatives represented, in the committee's considered view, too high a price to pay for retention of a fixed interest rate—a rate which in effect is preventing the veteran from securing the GI loans to which he is entitled.

The committee, therefore, unanimously recommends adoption of the enclosed resolution.

EXHIBIT B

Whereas the American Legion has been the guiding force behind the GI bill of rights, which includes the GI home-loan program; and

Whereas the number of home loans being made under the GI bill is declining steadily because the interest rate is no longer competitive under current and foreseeable market conditions; and

Whereas the failure of the Congress to enact legislation to permit the interest rate on GI loans to be competitive, has prevented a continuing flow of funds from private sources into the GI home loan market; and

Whereas under present conditions home-purchasing veterans are being deprived of a GI loan, thereby limited to conventional and FHA loans, which are not as advantageous to veterans as would be GI loans with a competitive rate; and

Whereas the American Legion is already on record in favor of a flexible rate as recommended in the Collins' report, approved twice by the national executive committee. Now, therefore, be it

Resolved by the American Legion in national convention assembled at Atlantic City, N. J., September 16-19, 1957, That appropriate legislation be enacted by the Congress to provide the Administrator of Veterans' Affairs with the same authority to regulate interest on VA loans as the FHA Administrator now exercises over FHA loans, with authority within realistic limits to increase or decrease rates to meet changing conditions as they occur, in order to assure the continued flow of

GI loans under private auspices; and be it further.

Resolved, That the legislative commission and the staff members of the economic commission be instructed to vigorously promote this program, and through all available media make a grassroots appeal to the Legion membership to actively support this movement in order to insure continuation of the GI home-loan program which has proven to be of such inestimable value to our country and its veterans.

TEMPORARY INCREASE OF PUBLIC-DEBT LIMIT

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the pending business be laid before the Senate.

The PRESIDING OFFICER. The Chair lays before the Senate the pending business.

The Senate resumed the consideration of the bill (H. R. 9955) to provide for a temporary increase in the public-debt limit.

Mr. RUSSELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. RUSSELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, the Senate Finance Committee has reported favorably the bill, H. R. 9955, to provide for a temporary increase in the Federal debt limit. Under provision of the bill the temporary increase would be \$5 billion, thus raising the ceiling from \$275 billion to \$280 billion for a period from the date of enactment of the bill to June 30, 1959. As of July 1, 1959, under the bill the debt ceiling will revert to the permanent statutory limit of \$275 billion.

The bill, of course, has been passed by the House; and as reported by the Senate Finance Committee, the language of the bill is identical with the provisions of the bill as passed by the House.

This is the fifth time since 1953 that a temporary increase in the ceiling has been requested, and the fourth time it has been granted.

In 1953, a \$15 billion increase was requested; but it was rejected in the Senate Finance Committee. A \$9 billion increase was requested in 1954 and the Senate Finance Committee reduced it to \$6 billion for 1 year. In 1955, the \$6 billion temporary increase was continued for an additional year. A temporary increase of \$3 billion was granted for the year ended June 30, 1957.

As I have already stated, the ceiling reverted to the permanent \$275 billion limit on last July 1, in the absence of any request by the administration for another increase.

The \$5 billion temporary increase provided by the pending bill was requested by the Secretary of the Treasury in January of this year. The Senate Finance Committee has held rather exhaustive hearings on the subject, and has concluded—by a vote of 10 to 5—that an

increase should be granted in the amount requested by the Secretary of the Treasury.

The statutory debt limitation is neither new nor novel. As such, statutory debt limitations have been in effect since World War I. Prior to that time a special act of Congress was required for each bond issue.

Fiscal officials of the Government time and time again have expressed their belief that there should be a statutory debt limit, and the value of limitation on the public debt is thoroughly documented.

In justifying this temporary increase the Secretary of the Treasury, the Honorable Robert B. Anderson, summarized the need at this time for a debt limit increase as follows:

1. The fact that cash balances have been running distressingly low.
2. There is need for more flexibility for more efficient and economical management of the debt.
3. Even with a balanced budget there will still be large seasonal fluctuations in receipts, which make operations under the \$275 billion limitation most difficult.

Those were the main reasons advanced by the Secretary of the Treasury.

Frankly, Mr. President, on the basis of the figures submitted to the committee, the administration did not make a case for this \$5 billion temporary increase. With the debt ceiling at \$280 billion, according to the Treasury's own estimates, there will be times when the leeway under the ceiling will exceed \$12 billion. As chairman of the committee, I am confident that its approval of this bill was largely based on the belief that the administration has overestimated income for the next year and has underestimated expenditures.

This situation could have been corrected, had the administration reduced nonessential spending when the budget was presented.

For the present fiscal year, the Congress cut appropriations by more than \$5 billion. Yet, even before the Russian sputniks, the administration increased its expenditures estimate. This makes it clear that, with huge unexpended balances of funds already appropriated, control of expenditures has virtually been lost by the Congress.

I fear that raising the debt limit will open the door to another era of deficit spending and will result in starting again the inflationary spiral. The value of the dollar has already declined more than 50 percent since 1939.

It is this note of caution that, as chairman of the Finance Committee, I present to the Senate, for its action, H. R. 9955, in response to the vote of the Senate Finance Committee on reporting the bill.

Mr. HAYDEN. Mr. President, if no member of the Committee on Finance desires to speak at this time, I should like to make some remarks.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

POSTAGE RATES AND THE PUBLIC DEBT

Mr. HAYDEN. Mr. President, the bill, H. R. 9955, now under consideration by the Senate, as passed by the House of Representatives on January 23, 1958, pro-

vides for a temporary increase in the public debt limit from \$275 to \$280 billion. It comes to the Senate with a recommendation from the Committee on Finance, of which the distinguished Senator from Virginia [Mr. BYRD] is the chairman, that the increase be limited to \$5 billion. The practical effect of the bill is to authorize the Secretary of the Treasury, Mr. Robert B. Anderson, to utilize the good faith and credit of the Government of the United States to borrow an additional 5,000 million dollars from the American people.

In a letter I addressed to him, which the Senator from Virginia was kind enough to include in the Finance Committee hearings, I pointed out that there would now be no necessity for any increase in the public debt limit if the operations of the Post Office Department had been financed on a break-even basis during the past 12 years. To demonstrate that fact, I listed the Post Office Department deficits for each year, which were:

Year:	Million
1946	\$129
1947	206
1948	277
1949	577
1950	545
1951	565
1952	720
1953	650
1954	399
1955	363
1956	464
1957	522

The total is \$5.4 billion.

Mr. President, these figures show that the greatest communication system in the world has been operated since 1945 at the greatest loss since it was first established by Benjamin Franklin.

My motive for bringing that fact to the attention of the Senate is to solicit help in relieving the Senators who are members of the Committee on Appropriations from what has become an intolerable burden. Year after year my committee has been compelled by the demonstrated needs of the postal service to recommend to the Senate for the Post Office Department appropriations of money which we know is not in the Treasury and which we are certain will have to be borrowed to pay the continuously increasing costs of providing mail service to the American people.

Every appropriations bill reads that the expenditures authorized to be made by its terms are to be paid "out of any money in the Treasury not otherwise appropriated." How, in good conscience, can the Senate insist that sums which are obviously required to keep the Post Office Department a going concern must continue to be borrowed? That issue will have to be considered by Members of this body very soon, because it is certain that another large Post Office Department deficiency bill will come over from the House of Representatives at an early date to provide the money required to keep the Department in operation for the remainder of the present fiscal year ending on the 30th of next June.

The size of the deficiency will depend to a considerable degree upon the final form in which the postal pay-increase

bill, now on the Senate Calendar, becomes a law. My information is that for every month the increase in postal pay is made retroactive, the Treasury will have to provide \$17 million.

The question naturally arises, Why has the Congress, year after year, neglected to put the Post Office Department on a sound financial basis? It is of record that every other civilized country in the world makes its postal system pay its own way. It is true that American postal workers receive higher pay than those performing similar services for other nations, but by their efficiency they earn what they may receive. There can be no legitimate objection to a pay increase at the present time if the revenues of the Post Office Department are increased in an amount sufficient to meet it.

The reason the Post Office Department has not been made to pay its own way is no great secret. It is common knowledge that those who profit by low postal rates have used every possible influence to prevent rate increases. The latest effort in that respect would have the Congress adopt the idea that the Post Office Department is a most benevolent eleemosynary institution with the major purpose of contributing to the public welfare by carrying and distributing the mails below cost as a public service.

That astounding assumption of why we have a Post Office Department is advanced in a report submitted on February 26, 1957, to the Senate Committee on Post Office and Civil Service by a Citizens Advisory Council consisting of the following-named persons:

Mr. Lovick Pierce, publishing agent, Methodist Publishing House, Nashville, Tenn.

Mr. Gene Robb, publisher, Albany Times Union, Albany, N. Y.

Mr. Albert M. Anderson, executive vice president, Reuben H. Donnelly Co., Chicago, Ill.

Mr. Walter D. Fuller, chairman of the board, Curtis Publishing Co., Philadelphia, Pa.

Mr. William C. Doherty, president, National Association of Letter Carriers, Washington, D. C.

Dr. Carey H. Bostian, chancellor, North Carolina State Agricultural College, Raleigh, N. C.

Dr. Pendleton Gaines, president, Wofford College, Spartanburg, S. C.

The findings of the Citizens Advisory Council were challenged in a resolution adopted at the regular quarterly meeting of the Advisory Board to the Postmaster General, held on April 11, 1957. The members of that Board, all nominated by the President and confirmed by the Senate, who approved the resolution are:

John S. Coleman, president, Burroughs Corp., Detroit, Mich.

James H. S. Ellis, president, the Kudner Agency, New York, N. Y.

Richard J. Gray, president, building and construction trades department, CIO-AFL, Washington, D. C.

Jack Rohe Howard, president, Scripps-Howard Newspapers, New York, N. Y.

Rowland Jones, Jr., president, American Retail Federation, Washington, D. C.

Charles M. White, chairman of the board, Republic Steel Corp., Cleveland, Ohio.

These six men, each occupying responsible positions, approved the following statements criticizing the report made to the Senate Committee by the Citizens Advisory Council. I quote them:

1. It exaggerates the costs of the public services rendered by the Post Office Department to a total of nearly \$400 million yearly whereas the more accurate costs of legitimate public services including free mails for the blind and reduced postage rates for periodicals of certain nonprofit organizations and for books, films and related materials for educational use actually total less than \$30 million.

2. It would continue to saddle the taxpayers of the country with huge expenses which should be paid by the actual users of the mails.

3. It fallaciously contends there is "no postal deficit at the present time" by using figures 3 years old which completely ignore hundreds of millions of dollars of added postal costs, principally pay increases and fringe benefits enacted by the Congress since then.

4. The composition of the Citizens Advisory Council, with 4 of its 7 members affiliated with the publishing industry, make its conclusions questionable.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. LAUSCHE. Would the Senator mind re-reading the names of the members of the Citizens Advisory Council?

Mr. HAYDEN. Not at all.

Mr. Lovick Pierce, publishing agent, Methodist Publishing House, Nashville, Tenn.

Mr. Gene Robb, publisher, Albany Times Union, Albany, N. Y.

Mr. Albert M. Anderson, executive vice president, Rueben H. Donnelly Co., Chicago, Ill.

Mr. Walter D. Fuller, chairman of the board, Curtis Publishing Co., Philadelphia, Pa.

Mr. William C. Doherty, president, National Association of Letter Carriers, Washington, D. C.

Dr. Carey H. Bostian, chancellor, North Carolina State Agricultural College, Raleigh, N. C.

Dr. Pendleton Gaines, president, Wofford College, Spartanburg, S. C.

Mr. LAUSCHE. That is, 4 of the 7 members were connected with publishers?

Mr. HAYDEN. The assertion of the Citizens Advisory Council was challenged by the Postmaster General's advisory board, the members of which were nominated by the President and confirmed by the Senate.

Mr. LAUSCHE. I thank the Senator very much.

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. I yield to the Senator from Pennsylvania.

Mr. MARTIN of Pennsylvania. I point out that on the Citizens Advisory Council is, for example, the chairman of the Board of Curtis Publishing Co., which circulates the Saturday Evening Post and magazines of that kind. I call attention to that fact because publishers

are very much interested in questions of that character.

Mr. HAYDEN. I can understand why that is so. A long time ago, during the Wilson administration, when I was a Member of the other House of Congress, I received letters from many small boys in Arizona who distributed the Saturday Evening Post, protesting against a bill then before the Congress which would result in the Saturday Evening Post costing so much that its publishers would not be able to let them continue selling the magazines for 5 cents. It was proposed by Mr. Bureson, the then Postmaster General, that there be an increase in the postal rates on advertising matter, and not on other reading material.

I replied to those small boys and said, "Don't you worry, son; you will still have a job, because I understand that the Saturday Evening Post gets \$5,000 a page for its advertising, and to get advertising it has to have circulation, and you help get the circulation."

That is exactly what happened. The Saturday Evening Post continued to be sold for 5 cents.

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator yield further?

Mr. HAYDEN. I yield.

Mr. MARTIN of Pennsylvania. For the same page of advertising, for which they then received \$5,000, they now receive \$25,000.

Mr. HAYDEN. That illustrates the present high cost of advertising.

The Citizens Advisory Council has gone to great lengths to show that the Post Office Department is performing public-welfare services which amounted to more than \$392 million in 1955. The council asserts as a matter of principle that services of that kind should be paid for out of the Federal Treasury. The council would have Congress "pass the buck" from those who use the mails to the American taxpayers to the extent of about \$400 million each year. The rejoinder of the Post Office Department is that its approved cost-accounting system can find only about \$30 million which can properly be charged to public-welfare services for which the Department is not compensated.

The Post Office Department could be reimbursed for such costs by including in the postal rate bill, H. R. 5836, now under Senate committee consideration, the text of the bill, H. R. 5206, introduced by chairman of the House Committee on Post Office and Civil Service, Mr. MURRAY. The estimated amounts to be credited to that Department on the books of the Treasury for such services based upon the ascertained cost thereof in 1956 are as follows:

Excess rate for foreign air carriers-----	\$1,143,000
4th-class books, films, and related material-----	14,928,000
Reduced rates, nonprofit newspapers and magazines-----	2,144,000
Pan American Union penalty mail-----	59,000
Free-in-county mailing privilege for newspapers-----	839,000
Free postage and reduced rates matter for the blind-----	912,000

Free mailings, Pan American diplomatic corps; franking privilege of Edith Bolling Wilson, Grace C. Coolidge, and Anna Eleanor Roosevelt-----	\$195,000
Reduced rate 1 cent per pound publications use of blind-----	50,000
Free mailing privileges, Pan American Sanitary Bureau-----	5,000
Reduced second-class rates on publications designated for classrooms and religious use-----	119,000
Reduced 3d-class rates, certain nonprofit organizations-----	5,990,000
Free postage on military absentee voting (data not available)-----	

Total ----- 26,384,000

Another legislative proposal which should be included in the bill to increase postage rates is S. 2128, introduced by the Senator from South Carolina [Mr. JOHNSTON]. By the terms of that measure the Civil Service Commission and the Department of the Treasury would each be required to reimburse the Post Office Department for expenses incurred by it for services rendered. As all Senators know, the Post Office Department conducts examinations of applicants for various Civil Service positions, the annual cost of which is estimated at \$1,744,000. The service performed for the Treasury Department consists of the sale of documentary stamps at an estimated cost of \$244,000 a year.

There are ample precedents for the enactment of such legislation. The Treasury Department now reimburses the Post Office Department \$675,000 for the sale of savings bonds and stamps. The Interior Department pays \$134,000 for the sale of the so-called duck stamps. It costs the Department of Justice \$239,000 for the distribution of the forms which aliens are required to fill out and sign each year. The Treasury Department now pays an estimated \$1 million in postage for the distribution of income tax blanks; and charitable organizations such as CARE and Polio pay the regular postal rates.

Existing law also provides that the Post Office Department shall be reimbursed for the cost of handling congressional and departmental mail. The estimated cost for franked congressional mail for the next fiscal year is \$2.3 million, and the estimated cost for penalty official mail from all sources is \$41 million.

I shall not take the time of the Senate to go into the details of an extended series of what appear to me to be erroneous assumptions by the Citizens Advisory Council. It is obvious that if each and every one of its findings were correct, the taxpayers would have to foot the bill.

The fact remains that in past fiscal years the Post Office Department did collect enough money to pay its own way, the last instance being in 1945. But beginning with the fiscal year 1946, the Department has been in the red each year for 12 years and there is no apparent way for it to avoid a deficit for this fiscal year. It is a disgrace to al-

low that kind of a financial condition to exist in a Department which has been and can again be made fully self-sustaining.

I listened with interest when the Senator from Kansas [Mr. CARLSON], addressed the Senate on January 11. The Senator gave two sound reasons why 5 cents should be charged for mailing out-of-town letters. First, because it costs more to deliver them than it does letters for local distribution. And, second, because extra revenue amounting to \$175 million a year could be made available for the installation in many post offices of modern automatic mailing equipment to face, sort, and cancel letters with a great saving of time and labor. This additional revenue could also be made available to construct new buildings where there is not sufficient room to install such equipment in existing post offices.

It is good to know that the Senate Committee on Post Office and Civil Service has adopted the proposal made by the Senator from Kansas which has the merit of a direct approach. The money is not to be borrowed. It does not involve a further strain upon the credit of the United States. The Post Office Department will pay a large proportion of the costs out of its own revenues.

I have made this digression in order to make it clear that there are regular and established ways whereby the Post Office Department need not continue to be operated at a loss of \$2 million every working day. Such a loss is bad enough, but it is quite sure to be greater if justifiable increases are made in the pay rates of those in the working forces of the Department.

As yet I have been unable to discover a sound reason why those who use the mails should not pay all the costs of handling it. I can see no justification for requiring the American taxpayers to assume any part of the entire cost of operating the Post Office Department. I am sure that every member of the House and Senate Committees on Appropriation would be both relieved and pleased to know that the time has come when the Post Office Department has taken in enough money to pay all its costs. The sooner that happens the better it will be because every member of both committees is aware that increased expenditures for the national defense, combined with other urgent demands, are quite sure to result in an unbalanced Federal budget.

It is also certain that the members of the Senate Committee on Finance, who reported the bill now before the Senate to increase the public debt limit, will be happy to know that the Post Office Department, whose failure to pay its own way has made it necessary to enact the pending bill, will no longer be guilty of any such delinquency. Let me repeat, that there would be no occasion for that committee or the Senate to act on H. R. 9955 if the Post Office Department had been financed on a break-even basis during the past 12 years.

In conclusion, permit me to say that I cannot follow a line of reasoning which

insists that it is better to borrow money and pay interest on it in order to provide for speeding up the delivery of the mails, than it is to have those who place letters in the mail and want them promptly delivered, to pay for improved service which is of direct benefit to them. No one has to mail a letter unless he wants to. He must consider that it is worth paying the postage on it or he would not mail it. He has no right to expect somebody else to pay any part of the cost. Certainly that somebody should not be the already overburdened taxpayers of our nation.

Mr. CARLSON. Mr. President, I have just heard the statement of the distinguished chairman of the Appropriations Committee [Mr. HAYDEN], in regard to the effect of postal rates on the deficit and on the Treasury of the United States. I compliment the chairman on his statement. As chairman of the Appropriations Committee the Senator from Arizona has carried the burden of the appropriations of Congress for years. He knows definitely and accurately what the deficit operations of the Post Office Department have cost our citizens.

I shall go into this question in some detail tomorrow. I shall not discuss it today. However, the chairman of the Committee on Appropriations has presented to the Senate a problem which the Senate will have an opportunity to meet tomorrow. I hope Members of the Senate will make a thorough study of his statement.

Mr. KERR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded, inasmuch as I understand that my friend from Nevada [Mr. MALONE] is prepared to speak on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEADERSHIP RESPONSIBILITY FOR MAINTAINING CONFIDENCE

Mr. CURTIS. Mr. President, I rise to point out the responsibility that must rest upon those leaders in America who are preaching a doctrine of gloom and doom. There are individuals in public life who not only continue to harp upon some of the problems that always face a nation, and particularly a free nation, but they greatly exaggerate the facts.

It is my opinion that those who are preaching calamity and a sharp depression are doing a disservice to their country. They are inviting disaster. I believe that they are doing it unthinkingly, motivated by a desire for political advantage. There are those who feel that if they can convince the American people everything is wrong, they then can not only take over the Government, but also are afforded an opportunity to carry out their pet projects in Government, which too often mean more expensive government and socialism.

Let us examine the situation. How important is confidence? Let us exam-

ine it on an individual basis. Is there anything more important in causing a young man or a young woman to succeed than the placing of confidence in that individual? If a youth is going through the natural throes of growing up which includes a period of perplexities and problems, is not the worst thing that can happen is to have that individual lose confidence in himself and have a feeling that no one else has confidence in him? Many an individual has not only become successful but has risen to greatness because of his strong feeling that others believed in him.

I wish to cite another example. If those near an individual continually, systematically and skillfully tell him that he is looking bad and that they feel he is on the verge of some tragic illness, will not that campaign against him bring about great danger that he will lose his fight and succumb to disease?

We could go on with innumerable cases to show how the pessimist, and the prophet of gloom and doom bring about the thing which they talk about. I am a great believer in athletics because an athletic contest fits an individual for the contests in life. But is there anything more disastrous than having the players lose confidence in the coach or in each other, or having the spectators lose confidence in everybody?

I do not wish to be a Pollyanna and suggest we do not have problems. We have some soft spots in our economy, including segments of agriculture and other economic problems, some of which may be local in character. I do not advocate that we put our heads under the sand. I advocate that in these situations we need calm appraisal, wise action, and an expression of confidence.

We must remember that our economy is basically sound, that our Nation has remained at peace, that our economy is growing and expanding, that our population is increasing, and that the demands for goods will continue to increase. We should remember that the greatest employment in the history of America has been ours in recent years. We should not lose sight of the fact that much of America's activity is based upon our growing and expanding economy, which in turn, means a construction program and a development program, which, of necessity, not only slows down but stops in winter months. We must remember that in periods of advance there must always be breathing spells and readjustments, and that an economy based upon an uninterrupted, fever-pitched, wartime economy likewise brings problems, the least of which is not inflation.

We must face our problems with wise actions. At the same time, I warn that the prophets of gloom and doom who, for their own political advantage, are preaching calamity and depression and disaster ahead, may by their program lead American into just such an unfortunate condition. Upon these prophets of gloom and doom, unless they change their ways, will rest the responsibility for disaster if it comes.

I shall never sell America short. Should America's economic system break down to the point of a major depres-

sion, the responsibility will rightly rest upon those leaders today who are scheming, plotting, planning, and propagandizing for a program of gloom and doom. If they succeed, the American people will not forget.

PROPOSED CUTBACKS IN SOIL CONSERVATION PRACTICE PAYMENTS

Mr. STENNIS. Mr. President, the administration's recommendation for a cutback in soil conservation practice payments from the present \$250 million for fiscal year 1958, to \$125 million for fiscal year 1959 is a backward step. It is a backward step our Nation cannot afford. I have been shocked and deeply concerned that the administration would propose such a drastic cut. I shall strongly oppose it for the following reasons:

Our soil is our greatest resource. It produces our essential raw products, food, and fiber.

The soil does not belong to our generation or to any one generation. It belongs to all generations, present and future. It must be preserved for all time.

It is our obligation to take active steps to preserve our soil. Such measures, however, are often very costly, and we cannot expect the present tiller of the soil to bear the full expense.

There are in the United States approximately 1,444,000,000 acres on which to produce agricultural crops and livestock. For every individual, there are approximately only 3 acres of cropland and slightly over 6 acres of grazing land. Our population is estimated to reach 228 million by 1975, and 335 million by the year 2000. As the population increases, the average number of acres per capita will naturally decrease.

The Soil Conservation Service estimates that a total of over 282 million acres of land are severely eroded, plus 776 million acres moderately eroded, and more than 700 million acres slightly eroded. These figures emphasize the seriousness of the problem and the absolutely urgent need for taking a new look at our long-range conservation plans.

Wisely, for years, we have recognized the need for the Government's sharing in the cost of constructive practices for rebuilding and preserving our soil. This program, consisting of technical guidance and assistance by the Soil Conservation Service, and partial payments through the agricultural conservation program, has worked exceedingly well.

Our conservation reserve program, though constructive, is limited in application. Much of the land in critical need of adequate conservation practices cannot be placed in the conservation reserve, mainly because most of our small farmers cannot afford to tie up their land for from 3 to 5 to 15 years in such limited uses. Their land is their livelihood.

In 1957, only 82,588 farmers participated in the conservation reserve of the soil bank. Only one-third of the funds allocated were used. Of the total of \$315 million allocated, only \$108 million were used, leaving a balance of \$207 million.

In Mississippi, only 1,544 contracts were signed, an average of less than 19 farmers per county. Less than one-sixth of the funds allocated to Mississippi for the conservation reserve were actually used. Obviously, the conservation reserve reaches only a fraction of the land needing conservation.

In contrast, let us look at the figures for the agricultural conservation program.

In 1956, 1,210,000 farmers participated in the agricultural conservation program, which reached 35 percent of the total cropland and 36 percent of the total farmland of the Nation.

In Mississippi, 33,856 farmers participated and shared in our State allocation of \$6,621,000, an average of approximately 413 farmers per county. An estimated 30,000 additional applications were filed, but were denied because of shortage of funds. Our State office estimate an additional \$3,500,000 would have been required if all requests and all applications filed for the calendar year 1957 had been met.

In Mississippi thousands of once wasted and idle acres have been converted into productive pastures and good cropland. In the past 18 years our farmers, through participation in the agricultural conservation program, have developed more than 16 million acres of green manure and cover crops and 2½ million acres of pasture; constructed adequate drainage systems on nearly 3 million acres; built nearly 54,000 dams, ponds, and reservoirs; and terraced almost 1 million acres.

A similar pattern is being followed in almost every other States. These constructive results speak for themselves and are apparent throughout the Nation. Yet these definite accomplishments represent only the beginning. There still remain the millions of badly eroded and unproductive acres.

Our agricultural conservation program must be expanded, not diminished.

Yet the administration now proposes a 50-percent reduction in this effective, proven nationwide soil-conservation program. What alternative is offered? An increase in the conservation reserve of the soil-bank program to \$350 million for calendar year 1958, along with the request that the total authorization of \$450 million be appropriated for calendar year 1959.

Early in this session I introduced Senate bill 2971, which would authorize the Secretary of Agriculture to use the unexpended portion of the funds appropriated for the conservation reserve in

meeting the great demands and satisfying the thousands of applications for conservation practices under the agricultural conservation program.

My proposed legislation represents an effort to give those funds already appropriated for conservation a broader application and extend them to other conservation practices, rather than restrict their use to the narrow limits of the conservation reserve of the soil bank for which there has been no great demand.

I cannot accept the conservation reserve of the soil bank as a substitute for our broader conservation program which has stood the test of time and which has already produced such helpful and outstanding results.

I propose:

First. That agricultural conservation program payments for fiscal year 1959 be restored to the current fiscal year 1958 level of payments.

Second. That the unused portion of funds appropriated for the Conservation reserve for fiscal year 1958 be made available for use in this broader, regular conservation program.

Third. That the Congress fully review our overall conservation plans throughout the Nation, with a view of expanding our agricultural conservation program practices for fiscal year 1960 and beyond.

Our efforts to preserve and rebuild our land on a sustained nationwide basis over the years must not be interrupted or neglected. The necessity for such a program, as well as its value, must be brought home constantly to the people.

It is all too easy, in this uncertain period, to call hastily for a cutback of essential programs of proven value in favor of glamorous ventures into space. However, we have not yet come up with a sputnik, a missile, a rocket or satellite that has reached so far into outer space as to discover new lands and new soils on which to grow our food and fiber. Until we do, we are compelled to concentrate our efforts even more to preserving and protecting our soil.

The hard facts are that as we move into the space era, our productive land will become more and more essential in the preservation of our Nation and our civilization.

The serious questions I have discussed here will, I am certain, have the attention of the Appropriations Committee. I shall certainly exert every effort as a member of that Committee to restore funds for our agricultural conservation program, as well as to insure its expansion in future years.

Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks certain tables which I have had prepared dealing with the subject I have discussed.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Estimated ACP participation—1957 with comparison

State and region	Number of farms participating, 1956	Estimated number of farms participating, 1957
Maine.....	4,705	5,000
New Hampshire.....	1,892	2,000
Vermont.....	7,157	7,650
Massachusetts.....	2,877	3,800
Rhode Island.....	338	340
Connecticut.....	1,929	2,319
New York.....	20,098	22,500
New Jersey.....	3,157	3,117
Pennsylvania.....	25,976	21,852
North Atlantic.....	68,129	68,578
Ohio.....	38,965	39,200
Indiana.....	56,326	54,644
Illinois.....	65,048	70,900
Michigan.....	18,930	19,303
Wisconsin.....	25,234	33,293
Minnesota.....	62,225	48,750
Iowa.....	52,204	53,000
Missouri.....	55,559	54,942
North Dakota.....	46,427	46,004
South Dakota.....	31,185	31,500
Nebraska.....	34,222	40,000
Kansas.....	21,043	23,000
North Central.....	507,368	514,536
Delaware.....	1,519	2,050
Maryland.....	8,266	9,165
Virginia.....	25,254	23,775
West Virginia.....	13,609	14,200
North Carolina.....	71,029	78,782
South Carolina.....	14,932	20,500
Georgia.....	38,672	42,500
Florida.....	10,525	11,139
South Atlantic.....	183,796	202,141
Kentucky.....	48,344	55,000
Tennessee.....	54,731	56,000
Alabama.....	37,073	34,202
Mississippi.....	28,282	31,000
Arkansas.....	41,269	36,500
Louisiana.....	19,940	18,400
Oklahoma.....	34,438	33,597
Texas.....	75,620	79,075
South Central.....	339,697	343,774
Montana.....	11,879	13,950
Idaho.....	6,181	6,068
Wyoming.....	4,715	4,700
Colorado.....	11,574	10,500
New Mexico.....	4,403	4,984
Arizona.....	2,328	1,800
Utah.....	8,377	9,213
Nevada.....	745	754
Washington.....	8,749	9,937
Oregon.....	6,555	6,500
California.....	7,951	6,000
Western United States.....	73,457	74,406
Alaska.....	118	170
Hawaii.....	290	320
Puerto Rico.....	12,295	9,830
Virgin Islands.....	44	50
Insular.....	12,747	10,340
Total.....	1,185,194	1,213,775

hidden subsidies, would make a significant contribution toward better budgeting."

It is not clear to me whether or not this reference is intended to imply that the President has recommended helpful legislation but that the Congress has not acted upon it. I am sure you will agree that, if this is the implication, it is entirely unwarranted and misleading.

The Senate Banking and Currency Committee was prepared to commence hearings on this legislation as early as last July 22, and, as you acknowledged in your letter of December 9, the facts we have requested of you and of the agencies concerned are essential to an adequate appraisal of the legislation.

The Senate Banking and Currency Committee expects a rather full schedule for the present session of the Congress. In order to meet our responsibilities, some planning of the committee's program is necessary. I am sure you will agree that this planning is difficult, if not impossible, as long as there is so much uncertainty about a complex and comprehensive bill of this nature. Therefore, I must insist that, if the administration expects this committee to have an opportunity to act on this legislation at this session of Congress, you must furnish us with the information we have requested without further delay.

Sincerely yours,

J. W. FULBRIGHT,
Chairman.

CONSTRUCTION OF U. S. S. "ARIZONA" MEMORIAL AT PEARL HARBOR

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Following a precedent established on May 23, 1949, in an identical situation, the morning hour now having expired, the Chair lays before the Senate the unfinished business which will be stated.

The LEGISLATIVE CLERK. A bill (H. R. 5809) to authorize the construction of a U. S. S. Arizona memorial at Pearl Harbor.

TEMPORARY INCREASE OF PUBLIC DEBT LIMIT

The PRESIDING OFFICER. If there is no objection, the unfinished business will be temporarily laid aside, and the Senate will proceed to the further consideration of the pending business, which is House bill 9955.

There being no objection, the Senate resumed the consideration of the bill (H. R. 9955) to provide for a temporary increase in the public debt limit.

THE DEBT LIMIT RISE

THE INFLATION PART OF THE "PINCERS" PLAN TO DESTROY AMERICAN WORKINGMEN AND INVESTORS

Mr. MALONE. Mr. President, the current buildup to spend more of the taxpayers' money through raising the debt limit is predicated on the sputnik emergency. It can only mean further inflation.

We have lived on emergencies since 1933: World War II, the Korean war, and preparation for war.

There has been no indication nor implication that there will be a saving of the money which is now being expended on obsolete equipment; on foot soldiers throughout Europe and Asia, who will all

be lost when and if the fight starts; nor the billions poured into these same nations to buy agreements and treaties, none of which will be worth the paper they are written on when the chips are down.

The ultimate objective is inflation, free imports, a division of the taxpayers' money with foreign nations, and ultimately free immigration, with a world government at the end of the rainbow, all under the United Nations, with the United States having one vote. Under this projected system, there is nowhere for our standard of living to go but down.

LIVING ON A WAR ECONOMY

We are now living on a war economy.

We have allowed foreign nations to divide the American markets among themselves through free imports, and have priced ourselves out of the foreign markets through inflation.

If the amount given foreign nations to buy our goods and that part of our shipment abroad subsidized by our American taxpayers be deducted, our foreign trade at this time includes a lower percentage of our exportable goods than we were exporting in 1934, when the whole program was started.

FIFTEEN BILLION DOLLARS SAVED

The next war, if and when it comes, will be fought in the air and under the sea.

Fifteen billion dollars can be saved through stopping our plans for the surface defense of foreign nations and by stopping foreign aid.

This ignores, for the moment, the estimated saving of an additional \$15 billion through the adoption of the Hoover Commission report and the Cordier report, and the taking of the Government out of business.

SEVEN BILLION DOLLARS OF SAVING FOR MISSILES AND BOMBERS

Out of the \$15 billion saved through stopping the foreign aid and the obsolete plans for the surface defense of Europe and Asia, \$6½ billion or \$7 billion could be assigned to missiles and to the continued construction of the needed air equipment, including B-52's or the most advanced fighters and bombers, thus maintaining our superiority until the missiles replace such manned equipment.

EIGHT BILLION DOLLARS OF SAVING FOR REDUCING DEBT AND TAXES

The remaining \$8 billion or \$8½ billion can be used to pay on the national debt and to reduce personal income taxes.

THE PINCERS MOVEMENT

The pincers movement to control and destroy the free American economic system includes five major operations:

First. In 1933 we followed England off the gold standard and immediately priced ourselves out of the world markets, through inflation.

Second. In 1934 Congress transferred its constitutional responsibility to regulate foreign trade through the adjustment of the duties, which we call tariffs, to the executive branch, with the full right to sacrifice and destroy all or any part of any industry in this Nation, if it was judged by him that his foreign policy of securing agreements and treaties with

such foreign nations would be furthered.

Free imports—trade—will inevitably be tied to free immigration and the free movement of goods and people throughout the world.

Third. In 1947 the Executive did transfer that constitutional responsibility of Congress to regulate foreign trade, through the adjustment of such duties or tariffs, to Geneva, Switzerland, into the complete power of competitive foreign nations, under the auspices of the General Agreement on Tariffs and Trade—GATT—which he caused to be set up under the 1934 Trade Agreements Act as extended to June of 1958.

Under this act 36 foreign competitive nations have proceeded to divide the American markets among themselves, through multilateral trade agreements over which Congress has no control whatever.

Fourth. In 1946, following World War II, the Congress started the worldwide distribution of American taxpayers' money, through the \$3¾ billion gift loan to England.

This gift loan was immediately followed by the so-called Marshall plan of \$17 billion for 5 years—and now must be a permanent annual drain on the American taxpayer, according to the testimony of our Secretary of State.

We have now poured more than \$70 billion of the taxpayers' money into the European and Asiatic nations, to build production facilities to compete with our own American workingmen and investors and build up their dollar balances to claim our gold reserves.

Fifth. Our tax dollars are going into four organizations for the sole purpose of financing foreign nations and American corporations and individuals in the construction of manufacturing and processing plants, including mining operations, in foreign nations to utilize the cheap foreign labor, and to import the products into this Nation to compete with American labor and investors.

FOUR ORGANIZATIONS FINANCING FOREIGN COMPETITION

The Export-Import Bank was established on February 12, 1934. It is completely financed by the American taxpayers, who are obligated by congressional action to finance individuals and corporations up to \$5 billion to build plants and operate mines in foreign nations with their sweatshop labor, and to import such goods into this Nation, in direct competition with American workingmen and investors. This organization is now asking for an additional \$2 billion for that purpose.

The International Bank for Reconstruction and Development was established on July 31, 1945; and the American taxpayers are obligated for \$3.175 billion to finance foreign nations to build plants and mines to be operated by low-wage labor and import their goods into this country.

The International Monetary Fund was established on August 11, 1945; and Congress has obligated the taxpayers of the Nation for \$2.750 billion for the same purpose of financing foreign operations,

using cheap foreign labor, and importing the goods into the United States.

The International Finance Corporation was established on August 11, 1955; and the Congress has obligated the taxpayers to the amount of \$35.168 million for the purpose of financing foreign operations and production with cheap labor and to import the goods into this Nation under the free import policy.

It will be noted that the Import-Export Bank was established in the same year that the 1934 Trade Agreements Act, the free import act, was passed by Congress; that the International Bank for Reconstruction and Development was established in 1945; that the International Monetary Fund was established in 1945; and that the only new organization to finance foreign production is the International Finance Corporation, established in 1955.

GRANDIOSE INTERNATIONAL SOCIALIST SCHEME

The pincers movement, including the five methods of disbursing the wealth and markets of the United States throughout the world, is of course, an important part of the grandiose, international Socialist scheme again to make the economic system of this Nation a part of the nations of old Europe and Asia, and again to join us to the interminable trade wars of old Europe.

SENATE REPORT NO. 1627—SENATE DOCUMENT NO. 83

It will be remembered that in the committee I directed the preparation of Senate Report No. 1627 of the 83d Congress, and I personally delivered it to the President in July of 1954; also Senate Document No. 83 of the 84th Congress, in 1955.

WESTERN HEMISPHERE SELF-SUFFICIENT

In both of these reports the Interior and Insular Committee was definite in its recommendation that the Western Hemisphere could be made self-sufficient in the production of everything we need for war or peace, and said that it can be defended from North America.

Since the reports were made available, no one has believed that we had to get anything across a major ocean, for either war or peace.

No one has denied that the Western Hemisphere can be defended from North America.

TRAVELED 14,000 MILES IN RUSSIA

In 1955, I spent 2½ months behind the so-called Iron Curtain. It may be remembered that Mr. Churchill invented that catch phrase in his Missouri speech, during the Truman administration. I traveled 14,000 miles in Russia, inspecting their industries, powerplants, and raw-material areas.

RUSSIA SELF-SUFFICIENT—NO EFFECTIVE REVOLT—ALL POWER IN RUSSIA

At the end of that time I said that first, Russia would soon be self-sufficient in the production of everything she needs for war or peace; second, there would be no successful revolt; and, third, all of the military power in the Eastern Hemisphere had moved to Russia; no military power was left in Europe, since the colonial system was as dead as Julius Caesar and the airplane dominated the British Fleet.

MUST MAKE THE AMERICAN SYSTEM WORK

I further said that if those three things were true—and I believed them to be true—then it was up to us to make the American system work; and that it could not be done through a division of our wealth with the nations of the world.

AMERICA LIVING ON A WAR ECONOMY

I also said that the American system was being destroyed through a division of our markets and taxpayers' money through Europe and Asia—worldwide socialism in its worst form—and that America was living on a war economy, a very dangerous and superficial position. The "pincers" movement includes the free imports, which are destroying American industry, American jobs, and American investments.

ADMINISTRATION SHOCKED 2 YEARS LATER

Suddenly, last fall—1957—exactly 2 years later, all America woke one morning with the discovery that what I said in 1955 was correct—that Russia was self-sufficient; that no successful revolt was in prospect; and that Russia had complete charge of the Eastern Hemisphere, as far as war power was concerned.

UNITED STATES ONLY NATION IN WORLD NOT PROTECTED

We are the only Nation in the world that does not protect its workingmen's jobs and investors' money. Other nations use tariffs, quotas, import permits, exchange permits, and manipulation of the value of their money in terms of the dollar, to prevent imports of the goods they produce.

DIVISION OF AMERICAN MARKETS AND MONEY UNCONSTITUTIONAL

I have no doubt that the division of our markets and our taxpayers' money with the nations of the world is unconstitutional; however, even if it were constitutional, it is bad practice; and our people cannot stand it. Today, many of them are unemployed and broke.

POOR SUBSTITUTE FOR SOUND ECONOMY

The proposed increase in war expenditures and continued foreign aid are poor substitutes for a sound economy, when that economy can be based upon the Constitution, article I, section 8, with the American workingmen and investors able to compete for the American market on a fair and reasonable basis.

RETURN TO CONSTITUTIONAL GOVERNMENT

All Congress has to do this year is transfer the funds from obsolete uses to the required equipment, and lower the personal income taxes and the national debt.

The free imports legislation expires in June of this year. Then the power, in Geneva, Switzerland, of the competitive foreign nations to divide the American markets between them returns to the Tariff Commission, an agent of Congress; and then it will be able to regulate our foreign imports on the basis of fair and reasonable competition, and the American workingmen and investors will be back in business.

The American taxpayers and workingmen and investors have financed their own downfall, through their own Congress.

The "pincers" are closing. A return to the American system—the Constitution—is the first fundamental.

The continued pressure to increase the debt limit, the extension of the free imports legislation, and more billions to Europe is the cumulative result of the factors I have described; and I shall vote against all of them, as I have in the past.

Do not raise the national debt—lower it.

Do not extend the free-imports legislation.

Do not send more billions to Europe and Asia.

Do not raise the personal income tax—lower it.

Mr. COTTON. Mr. President, will the Senator from Nevada yield to me?

Mr. MALONE. I am happy to yield to the Senator from New Hampshire.

Mr. COTTON. I wish to commend the Senator from Nevada for his very able exposition of some of the factors involved in the question which is before the Senate today. Ordinarily, I would be reluctant to say anything about the debt limit problem, because I have great confidence in the distinguished Senators, one of whom is the Senator from Nevada, who have deliberated carefully on this matter in the Finance Committee. However, I should like to ask the Senator a couple of questions, if he will be so kind as to permit me. Laying aside for the moment the question which the Senator has so ably raised, as to whether the debt limit needs to be raised at all, does the Senator, from the evidence before his committee, feel that, if it must be raised, it is necessary to do it this week?

Mr. MALONE. In answer to the distinguished Senator from New Hampshire is no; in the humble opinion of the Senator from Nevada the debt limit does not have to be raised at all and certainly not this week. If I were convinced, however, that it should be raised, I would offer no objection to raising the debt limit now.

We have continually wasted at least \$15 billion annually because of plans for the surface defense of Europe. We have our fleet in European waters now. We have troops in 73 nations, who would be either dead or on their way to the salt mines if another war started, simply because the next war will be fought under the sea and in the air, with supersonic airplanes, and missiles which will later take their place. No nation is going to fight with foot soldiers.

Any plans for the defense of Europe and Asia, including foot soldiers and surface ships not hunting submarines near our shores under the protection of the Air Force will be wiped out within minutes if in the way—and ignored and left to starve, as MacArthur used to treat the Japanese on fortified islands in the Southwest Pacific during World War II.

So instead of raising the debt limit, let us transfer \$5 or \$6 billion, or whatever it may require to provide for the adequate production of missiles and additional B-52's as the Senator from Nevada has suggested on many occasions.

TRANSFER FUNDS FROM OBSOLETE USES

Let us transfer the money to the manufacture of the weapons we shall use in the next war. Let us bring our foot soldiers home from the 73 foreign nations. Let us quit manufacturing surface ships which will have to be junked. Let us use half of the money, along with one-half of the money spent on foreign aid, which amounts to about \$6 or \$7 billion a year, in the missile and airplane field. We shall have to use B-52's until missiles take the place of the long-range bombers, by utilizing the remaining \$8 billion to lower the national debt, instead of raising the debt limit. Then let us lower income taxes, through which everybody in the United States is being bled white.

I have predicted before—and mentioned it during Lincoln's birthday week in my home State—that the people of this Nation will rise against excessive taxes. They will really find out what Congress is doing, and simply go on a taxpayer's strike.

THE PINCER MOVEMENT

I also want to say to the distinguished Senator from New Hampshire that the five-part pincer movement is never presented to Congress all at one time. Such proposals are presented one at a time. First, the proposal to raise the debt limit is presented, which means further inflation. Then the bill for the extension of free imports is presented, which means imported unemployment. Then the bill for foreign aid—free dollars for Europe—is presented. Then there will come before Congress, one at a time, each one of the organizations set up by Congress, which I have already named, seeking to get authority to lend more money to foreign nations and to have American corporations establish mines and production plants in foreign nations, which will export materials to America free of duty.

I say to my distinguished friend from New Hampshire that the objective is a world government, with free trade, free immigration, and an average standard of living for all the countries of the world, which will mean that there will be nowhere for America to go but down.

Mr. COTTON. Mr. President, perhaps I did not make my question quite clear, and if the Senator will permit me to speak for a moment or two, without his losing the floor, I should like to suggest that what I was trying to do, with all due regard to the very able suggestions the Senator has made about our overall permanent policy, was to pinpoint the question we have before us this very afternoon.

I am a little disturbed. I understood the Senator to say that if it were thought necessary ultimately to increase the debt limit, we might as well do it today. I wish to suggest, for the Senator's consideration, with all due respect to the distinguished and able Senators on the committee, that it seems to me the timing of this action is very bad for the country. The bill raising the debt limit has passed the other body of Congress. Until the bill came to the floor of the Senate, it was in the hands of the Finance Committee of the Senate. It

would be a matter of only a few hours, if the emergency arose and it became necessary, to complete passage of the bill and send it to the President for his signature.

I ask the distinguished Senator from Nevada to consider the timing of the bill. Admitting, for the sake of argument, which I understand clearly the distinguished Senator from Nevada does not admit, and I respect his viewpoint, that we are approaching a time when some increase in the debt limit will be necessary, in order to give the Treasury of the United States sufficient elbow room to do business, why must we make it practically the first official act of the Senate and the House in this session of Congress in 1958? We have not yet even passed a bill to raise the postal rates, in order to take care of the deficit in the Post Office Department. I think it is safe to say we have not performed one single act or passed a single bill which has as its objective the cutting down and restricting the expenditures of Government, when, from the fiscal standpoint, we are skating on such thin ice.

From a reading of the hearings, it is my understanding that Mr. Brundage, of the Bureau of the Budget, indicated that the critical time when we might be in difficulty would come between February 15 and March 15 of next year. Perhaps that time may come at an earlier date, but the psychological effect of increasing the debt limit by \$5 billion as almost the first official act in this session will, to my mind, be extremely bad upon the public confidence and upon the people, who know that the time has come when in handling questions dealing with our fiscal solvency we must proceed very carefully.

What I wish to ask the distinguished Senator from Nevada, as a Member of the Senate, is this: Admitting the truth of all the Senator has said—or at least making the statement that I am fully appreciative of what the Senator has said about things that can be done to reduce the debt and to take care of the longtime viewpoint—would the Senator not agree with me that if the Senate should pass a bill increasing the debt limit today that action would have almost a disastrous impact upon the country?

I feel compelled to move to recommit the bill to the committee, simply because I should like to see the Senate pass a bill cutting expenditures before it sends word out to the country, "We are raising the debt limit."

Mr. MALONE. I will say to the Senator from New Hampshire that it is not likely we will pass any bill cutting foreign expenditures.

Mr. LANGER. Mr. President, will the Senator from Nevada yield to me?

Mr. MALONE. I shall be happy to yield to the Senator from North Dakota as soon as I finish answering the question of the Senator from New Hampshire.

Inflation started in 1933, when we went off the gold standard. We followed the English example, as usual in most of our major moves. Since that time we

have lowered effective wages, through the lowered purchasing power of the dollar. Congress has continually lowered the purchasing power of insurance and pensions.

Therefore, I say to my distinguished friend, the Senator from New Hampshire, that I am against raising the debt limit today, tomorrow, in 6 months, or in a year from now. We need to make the American system work.

We cannot make the American system work by a division of our markets and taxpayers' money with all the other nations of the world. The Congress passed an act in 1934 which resulted in having 36 competitive nations, sitting at Geneva, dividing our markets among them.

I shall be glad to vote with the Senator if the Senator will move to recommit the bill to the committee.

Mr. LANGER. Mr. President, will the Senator yield to me?

Mr. MALONE. I yield to the distinguished Senator from North Dakota.

Mr. LANGER. Mr. President, I ask unanimous consent that I may ask the distinguished Senator from New Hampshire [Mr. COTTON] a question, without the Senator from Nevada [Mr. MALONE] losing his right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Dakota? The Chair hears none, and it is so ordered.

Mr. LANGER. I wish to ascertain whether it is not true that the mail the Senator from New Hampshire is receiving is much like the mail I receive. I have received scores and scores of letters from people who have asked, "Why has the Congress not adopted some of the recommendations of the Hoover Commission, which would save between \$5 billion and \$6 billion?" That is what they ask in their letters, yet at the present time we are considering raising the debt limit although we have not adopted the Hoover Commission's recommendations.

I wish to compliment the distinguished Senator from New Hampshire. I will vote for his motion to recommit the bill.

I ask the Senator from New Hampshire if his mail is not much like mine, with reference to the Hoover Commission recommendations?

Mr. COTTON. That is true with respect to my mail, also, and I venture to guess that it is true with respect to the mail of every other Senator.

I think the Senator will agree with me that I am emphasizing a point which is very important at the present time, which relates to the psychological effect on the people of this country. It may well be that if we adopted many of the recommendations of the Hoover Commission, next week the effects of those measures might not make themselves evident, and might not become evident for many months, or perhaps for another fiscal year. It is perhaps true that if we increase postal rates this week, to take care of some of the postal deficit, such action will not have its effect in time. It may well be that if some of the suggestions made by the very able and dis-

tinguished Senator from Nevada were acted upon immediately even before the end of the year perhaps we would have to give the Treasury some elbow room.

My feeling, however, is that this is a bad time to act on such a proposal as that now pending. I think the Senator from North Dakota will agree with me that word should not go out to the people of the country today that we are raising the debt limit, when we have under consideration all the recommendations of the Hoover Commission, as exemplified by bills on the calendar and in the committees, and when there are various other things we have been talking about doing, which we hope to do to conserve the financial resources of the Nation.

We should not permit the word to go out today that the first thing the Senate did, and the first thing the Congress of the United States did, in the present session, was to raise the debt limit. We cannot explain to the general public all the elements involved. If that word goes out, it will have a disastrous impact. We should not permit that to happen unless it is vitally necessary.

I invite the attention of both the distinguished Senators to page 2 of the hearings before the committee, when the Secretary of the Treasury, if I read the English language correctly, did not indicate the need was immediate, so far as the Government's being able to satisfy its necessary obligations was concerned. The Secretary said he wanted this action taken now, to make it easier to finance the debt.

I repeat that on pages 423 and 424 of the hearings it is shown that the Director of the Bureau of the Budget said, in effect, that so far as a pressing need was concerned, the pressing need would not come, in his opinion, until early next year. It is granted, of course, that financing operations would be easier for the Treasury if we give them today what they ask. It will have the effect of taking the lid off, if we send the word downtown, "Oh, yes; Congress is willing to raise the debt ceiling."

The effect upon the people of the country and upon their confidence in us, in their Government, and in what we intend to do—whether we have the tenacity and courage to do something—I think would be disastrous.

The bill can be called out of the committee any day, any week, for the next 3 or 4 months, if need requires it.

I hope my words will not be taken as an expression of a lack of confidence in the committee, when I say I desire to make a motion to recommit the bill, because I do not contend it is not going to be necessary to take the action which is requested. I am willing to accept the judgment of such distinguished Senators as the Senator from Virginia [Mr. BYRD] the Senator from Pennsylvania [Mr. MARTIN] and the other able Senators who have gone into this matter year after year, while serving as members of the Committee on Finance. However, I think we ought to do something else first. We are putting the cart before the horse.

It is my understanding that before this week is past we shall have a chance

to vote upon whether we are going to take some action with regard to the deficit of the Post Office Department. There are other things we can do. If, after that time, it were found necessary to increase the debt limit temporarily, I think the people of the country would receive that information with much better grace, and it would not shake their confidence in us.

Mr. LANGER. I thank the distinguished Senator from New Hampshire. I hope he will make a request for a yeas-and-nays vote on his motion to recommit the bill.

Mr. COTTON. I thank the Senator.

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator from Nevada yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Pennsylvania?

Mr. MALONE. I am happy to yield.

Mr. MARTIN of Pennsylvania. Mr. President, I should like to make a brief statement for the benefit of the Senator from New Hampshire.

The Government of the United States is much like a corporation or an individual when it comes to the matter of credit. The raising of the debt ceiling at the present time will make it possible for the United States Government to have a very much more favorable market reaction when the Government goes into the market for additional funds. It is necessary for the Government of the United States to do some financing practically every week. That is one of the reasons for consideration of the bill at the present time. If the bill shall be enacted, the Government will have a greater advantage when it goes into the market.

Mr. MALONE. I should like to say, Mr. President, that I have listened to all the arguments of the Chairman of the Federal Reserve Board, Mr. Martin, and his arguments sound very good, however they always need more taxpayers' money.

It has been testified—Mr. Humphrey so stated in his testimony, under my cross examination, when the Senate Committee on Finance started its hearings last fall, with regard to the economic state of the Nation, as did Mr. Martin—that the 1948 dollar is worth in present day purchasing power 47 cents. There is no question that the dollar is worth about 33 cents, or about one-third of what it was worth in 1934.

The confidence of the American people is already shaken. There is no question in my mind that when we lowered the purchasing power of the dollar to 33 cents, the "smart" financing was designed to make wages buy less, and finally to clamp them at that level.

The insurance upon which a man has been paying for 10 or 15 years, in order to send a boy or girl to school, or to leave an inheritance is worth a third of what it was in 1934 or less than one-half of what it was in 1948.

The banks and insurance companies do not promise to return purchasing power. They promise only to return the dollar. So there is no end to inflation, so long as we raise the debt limit and

print more money. Mr. Martin, chairman of the Federal Reserve Board, under cross examination by me before the committee, as appears in part III of the published testimony printed by the Senate Finance Committee, stated that he had the authority to print the amount of money which in his judgment industry would need from 1 to 2 years ahead, whether it be \$1 billion, or \$3 billion, if he thought industry might need it. He could also reduce it.

There is no question of his authority to raise or lower the discount rate, which to a large extent controls investment. There is no question of his authority to fix stock-exchange margins. He can lower them or raise them. He has recently lowered them. He can make the required margin two percent or 98 percent. He largely controls the amount of stock sold on the stock exchange.

In closing I wish to thank my good friends from New Hampshire [Mr. COTTON], from Pennsylvania [Mr. MARTIN], and from North Dakota [Mr. LANGER], for entering into this debate. It involves one of the most important questions before the American people today.

The problem is to stop the pincers movement which threatens to destroy the economy of the United States.

It is my belief that the American people will act after they learn the entire plan, as I have outlined it in my brief discussion today, including free imports and the sending to Europe of billions of dollars of the taxpayers' money to build up dollar balances and to build plants to use the cheap labor and send the goods to this Nation. Mr. Dulles states that such aid must be permanent. The Senator from Nevada stated on the floor of the Senate in 1948 that if the so-called Marshall plan passed that it would become permanent.

Mr. COTTON. Mr. President, I ask unanimous consent that the Senator from Nevada may yield to me for the purpose of making a motion to recommit the bill without his losing the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. COTTON. Mr. President, I move that House bill 9955, a bill to provide for a temporary increase in the public debt limit, be recommitted to the Committee on Finance.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Hampshire [Mr. COTTON].

Mr. LANGER. Mr. President, I ask for the yeas and nays on that motion.

The yeas and nays were not ordered.

Mr. MALONE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, I ask for the yeas and nays on the motion to recommit.

The yeas and nays were ordered.

Mr. CLARK. Mr. President, I rise in opposition to the motion to recommit. Having listened to the colloquy between my distinguished colleagues, the Senator from New Hampshire [Mr. COTTON] and the Senator from Nevada [Mr. MALONE], I should like to state an opposing point of view.

In my judgment, the proposed action in raising the debt limit should have been taken as much as a year ago. Failure to raise the debt limit last year had serious consequences on our national-defense program. The timing now is good, not bad. The psychological impact of voting in support of the committee recommendation today will be good, not only throughout the United States, but also throughout the entire free world. By raising the debt limit, Congress will show that it is prepared at least temporarily to eliminate an obsolete survival of a discredited economic theory.

I should like briefly to make four points. My first point is that the report of the committee—a committee headed by the distinguished senior Senator from Virginia [Mr. BYRD]—makes it clear beyond peradventure of a doubt that an increase in the debt limit is badly needed now in order to give our Government the flexibility it needs to finance the vast enterprises which it supervises, in particular in the defense of our country against the Russian threat. That is the opinion not only of so conservative a Member of the Senate as the senior Senator from Virginia [Mr. BYRD]—to whose abilities I am glad to pay tribute—but of practically every responsible financier in the country.

My second point, Mr. President, is that fixing a debt limit is unsound in principle. I hope the day is not far off when we will abolish it as the obsolete survival to which I referred a moment ago.

If the debt limit is set too high, it is irrelevant so far as action by Congress is concerned. If it is set at a point where it takes effect, the executive branch is faced with this dilemma: It must either refuse to carry out programs which Congress has authorized, appropriated for, and intended to be carried out, or it must delay the payment of debts which the Government has contracted. Both of those things happened last fall.

The debt limit reduces the Government's ability to move quickly in the event of a military crisis, recession, or other circumstances which may require a speedup in spending. It is a self-imposed hobble by which the Government, having decided on a course of action, restrains itself from doing what it has set out to do. This point of view was never expressed better than it was on February 10, 1958, before the Joint Economic Committee by Ralph J. Watkins, Director of Economic Studies, Brookings Institution, certainly no leftwing organization, when Mr. Watkins said:

Parenthetically, one wonders how long it will be, recession or no recession, before the

executive branch of the Government will summon the courage to recommend to the Congress and fight strenuously for the complete repeal of the arbitrary debt ceiling that so ill serves the Nation at any time and all the more so in a time of such grave peril to our very survival.

Mr. President, I ask unanimous consent that at this point in my remarks somewhat longer excerpts from the testimony of Mr. Watkins be printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXCERPTS FROM TESTIMONY OF RALPH J. WATKINS, DIRECTOR OF ECONOMIC STUDIES, BROOKINGS INSTITUTION, BEFORE THE JOINT ECONOMIC COMMITTEE, FEBRUARY 10, 1958

I would lay the groundwork now for a prompt request to the Congress for repeal of the debt ceiling, to provide room for fiscal maneuver and to allay any lingering doubts as to the degree of resolution in countering recession.

Parenthetically, one wonders how long it will be, recession or no recession, before the Executive Branch of the Government will summon the courage to recommend to the Congress and fight strenuously for the complete repeal of the arbitrary debt ceiling that so ill serves the nation at any time and all the more so in a time of such grave peril to our very survival. The debt ceiling in the past may have reflected primarily a lack of confidence in the fiscal soundness of the Executive Branch, but it seems clear that its continuance over the years reflects even more a lack of confidence in the Congress by the Congress—the fear that it may be tempted to spend more than should be spent. The desire for economy is commendable, but it is false economy and shameful as well to put hobbles on a great nation. Moreover, a debt ceiling that has fluctuated over the past four decades between \$11½ billion and \$300 billion cannot be said to have any ultimate significance. There must be a more intelligent way to achieve fiscal soundness.

Nor can business investment decisions be blamed for the crisis of confidence which shook American society last fall. That crisis may well have been precipitated by the cutbacks and stretch-outs in military procurement starting in the summer. They affected a wide range of industry all across the country and, added to the impact of evidence of slow payment of bills by Government, could hardly fail to influence business confidence adversely. The real culprit, given our defense needs, may have been the arbitrary debt ceiling.

With the advantage of hindsight, it is easy to add that courageous action by the Administration to lift the debt ceiling would have been far preferable to the shock of defense cutbacks and stretch-outs.

Mr. CLARK. Mr. President, the position taken by Mr. Watkins was subsequently confirmed by three other distinguished economists, Roy Blough of Columbia University, Lester V. Chandler of Princeton, and John Kenneth Galbraith of Harvard.

Mr. President, my third point is that the debt limit had severely detrimental effects last fall.

Military cutbacks and stretchouts last fall were necessary in order not to exceed the debt ceiling. In addition, the Treasury Department had to execute some unusual transactions, through FNMA and otherwise, which resulted in borrowing at higher rates than would

have been necessary with normal borrowing.

On May 22, 1957, Secretary Wilson issued an order withholding \$500 million from 1957 funds appropriated for major procurement and production, research and development, and military construction.

The \$500 million was allocated as follows: \$100 million to the Army; \$150 million to the Navy; and \$250 million to the Air Force.

In testimony before the Senate Appropriations Subcommittee in May and June 1957, the Department of Defense officials made clear that the debt ceiling was the reason for the cutback.

Mr. President, I ask unanimous consent that excerpts from that testimony, as well as some excerpts from newspaper accounts of defense cutbacks last fall, may be printed at this point in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXCERPTS FROM THE TESTIMONY

W. J. MCNEIL, Assistant Secretary of Defense. Congress acts on the new obligational authority and considers the expenditures but takes no formal action on them as such. In the executive branch, they have the problem of financing. We have a debt ceiling.

Mr. MCNEIL. We have been informed that, considering the anticipated revenues of the Government, and the statutory debt limit, expenditures for the Department of Defense must not substantially exceed the budget estimate of \$38 billion during the coming year. The current monthly rate of expenditure, however, is now running considerably above the annual rate of \$38 billion. * * * Secretary Wilson has asked that you be informed that steps are being taken which should bring defense expenditures into line with the President's budget submission, for fiscal year 1958.

Senator SYMINGTON. Does this memorandum delay the ordering of needed equipment, and conflict with the previous statement of the requirements presented to the Congress?

Mr. MCNEIL. I do not like to hesitate on the answer to that question. Does it delay the ordering of equipment? Yes. Needed equipment? Undoubtedly there will be some needed equipment among the total.

Senator SYMINGTON. Is it true that prior to the issuance of the May 22d memorandum, the production schedules had been adjusted downward for the Air Force in B-52's, KC-135's, three of our most modern fighters, C-133's, and several of our missiles; is that correct?

Maj. Gen. L. P. GERRITY, Assistant for Production Programming, Air Force. That is correct, Senator SYMINGTON.

Senator SYMINGTON. Were fiscal considerations involved in these decisions for reduction, or did the Air Force commanders find that they did not need these modern weapons systems in such quantity so soon?

General ASENSIO. I am General Asensio, Comptroller, and I would say that the fiscal decisions were a governing influence in the adjustment, sir.

Senator SYMINGTON. Does the Bureau of the Budget, after the Congress has expressed its decision about the money, based on the program presented, does the Bureau of the Budget have the authority to arbitrarily alter the program?

Deputy Secretary of Defense DONALD A. QUARLES. My understanding of it is that the Bureau of the Budget does have not only legal authority but it has the obligation imposed on it in respect to the debt limit of the Government, and to the extent that expenditures threaten the debt limit, then I think it does have a solid authority to control it.

Newspaper accounts throughout the fall, even after the launching of sputnik by the Russians, told of stretchouts and cutbacks in the most critical defense programs, including research and missile development and production. These resulted from the \$38 billion ceiling on expenditures, which was in turn related to the debt ceiling.

Examples:

Washington Post and Times Herald, October 16: "A high Government source said last night that top officials still believe the present program vis-a-vis Russia is sound and pouring additional major sums in it would be unnecessary and unwise. This present administration stand has been taken in face of congressional demands for an accelerated program, and unofficial Pentagon confirmation that long-range ballistic programs actually have been cut back under the administration economy program."

Washington Post and Times-Herald, October 17: "Hard-pressed Treasury aides are pulling rabbits from their hats and have several more in reserve to help them stay inside the \$275 billion ceiling on the national debt. * * * Nobody * * * will say so, but military contractors report that the Government is paying its bills more slowly. This alleged foot-dragging is one way of conserving cash."

Washington Post and Times-Herald, October 20: "Pentagon spokesmen acknowledged yesterday that an August 17 order by former Defense Secretary Charles E. Wilson, which just came to light, will reduce current Army, Navy, and Air Force research and development budgets by at least \$170 million, or a minimum of 10 percent."

New York Times, November 7: "Defense cutbacks resulting in the cancellation or stretchout of about 2,000 contracts to universities and colleges are causing havoc in basic research related to weapons of the missile age."

New York Times, November 8: "Lay-offs resulting from defense cutbacks are beginning to affect teams of engineers and scientists assembled at great expense for basic research on the weapons of tomorrow."

President Eisenhower, in his October 30 press conference, acknowledged that the debt ceiling was the root of the problem. He said: "McElroy * * * has been authorized already, and I think has announced, that there will be greater expenditures. Now, this touches a very sensitive point, because you know the last Congress did not authorize us even a temporary rise in the debt rate. * * * So the—he was supposed to keep within a particular figure for his expenditure for the year."

(NOTE.—The President did not ask the Congress in 1957 to increase the debt limit.)

Mr. CLARK. Mr. President, the Senator who took the lead in making clear at those hearings the adverse effects which the debt ceiling was having on our national defense was the distinguished junior Senator from Missouri [Mr. SYMINGTON], whom I commend for the great public service which he rendered on that occasion.

My fourth point is that the pending bill makes it possible that the same trouble will occur this fall, and virtually certain that it will occur in the fall of 1959, unless Congress acts again.

Presumably the \$5 billion increase will

be sufficient to tide us over until June 30, 1959; but virtually every competent observer and analyst has said that the President's revenue estimates are optimistic, and if the recession should deepen, and if we should decide to undertake the kind of military speedup and the kind of domestic public works program which, in my judgment, will become essential, \$5 billion will not be sufficient.

In any case, since the increase in the bill is temporary and will expire on June 30, 1959, we are almost certain to be in trouble in the fall of 1959, because we can hardly expect to create by that time a surplus sufficient to offset the rise in the debt limit which is immediately necessary now.

Mr. President, I wonder how many Senators think in their hearts that we will go through this fiscal year without a deficit. I wonder how many would confidently aver that a deficit will not occur in 1959.

If the proposals—unwise, in my judgment—which call for a tax cut receive additional impetus, we can be certain that we really will have a deficit.

For all these reasons, I oppose the motion to recommit, and I commend the committee for the action it has taken, even though, in my judgment, it is entirely inadequate.

If there is to be a debt limit—and, I repeat, I do not think there should be one—let it be, at least, a debt limit which will bear some reasonable relationship to the gross national product and to the country's wealth. In 1945, the gross national product was \$213,600,000,000. At that time, the debt was \$278,700,000,000. That was higher than the figure today.

Today, the preliminary figures for 1957 show that the gross national product is \$433,900,000,000, and the debt limit is still \$275 billion.

In 1945, the debt was 130 percent of the gross national product. Today it is only 63 percent.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table entitled "Relation of Federal Debt to Gross National Product," 1945-1947.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Relation of Federal debt to gross national product, 1945-75

Period	Total gross national product	Gross public debt and guaranteed issues at end of period ¹	Ratio of debt to GNP (percent)
1945-----	213.6	278.7	130
1946-----	209.2	259.5	124
1947-----	232.2	257.0	111
1948-----	257.3	252.9	98
1949-----	257.3	257.2	100
1950-----	285.1	256.7	90
1951-----	328.2	259.5	79
1952-----	345.4	267.4	77
1953-----	363.2	275.2	76
1954-----	361.2	278.8	77
1955-----	391.7	280.8	72
1956-----	414.7	276.7	67
1957 ² -----	433.9	275.0	63

¹ A small portion of the amounts shown in this column are not subject to the debt limit.

² Preliminary.

Source: Economic Report of the President, January 1958.

Mr. CLARK. Mr. President, I realize that this argument will fall on deaf ears in the case of many of my colleagues. I like to think that we must be a little ahead of the times in this body. I have some personal confidence that the time will come when these economic theories will represent the views of a majority of the Senate, and not a minority.

In any event, I urge my colleagues at this time to vote against the motion to recommit and to stand behind the chairman of the committee, the distinguished senior Senator from Virginia [Mr. BYRD].

Mr. MORSE. Mr. President, I find the arguments of the Senator from Pennsylvania [Mr. CLARK] to be very convincing. I am pleased to associate myself with, certainly, the burden of his argument this afternoon.

If I have any difference of opinion with him, it is based upon an understanding of one comment he made—and that is still subject to further discussion—namely, the question concerning whether any form of tax reduction should take place at this time.

I am inclined to think that some tax reduction which would benefit the people in the lower income brackets would be helpful to industry, in that any saving in that group would go immediately into the cash registers of the small-business men of the country, who need this purchasing power.

Except for the matter of a tax cut, I associate myself completely with the very able argument the Senator from Pennsylvania has made, and I intend to stand with him on this issue.

Mr. CLARK. I thank my friend from Oregon, whose views are so much in accord with mine. I recognize his argument in support of a tax reduction, but my fear has been that many will use a tax reduction as an excuse to deny the appropriations necessary to put 5 million back to work, to provide the houses which are needed, to provide the urban renewal projects which are needed, to build the schools which are needed, to construct the roads which are needed; in short, to give us all the improvements in the public segment of the economy which the country so desperately needs. I should hate to see a tax reduction used as an excuse for any move along that line.

Mr. MORSE. I completely understand the Senator's point of view. I think we in Congress have a duty to make certain that a needed tax reduction for the benefit of the people in the lower income brackets is not used for the bad purpose for which the Senator from Pennsylvania points out there is danger it might be used.

As the Senator knows, in the discussions already had on the floor of the Senate, I am not one of the Senators who have been afraid to use the phrase "deficit spending" in time of a national crisis. When there is a great national economic crisis, I think the Government should not hesitate to engage in deficit spending, if that is necessary to protect the people from suffering.

It is only because I think we need to bring tax relief to those in the lower income brackets, by way of some increase

in tax exemption, that I am a cosponsor of the Douglas bill.

Mr. CLARK. I thank the Senator from Oregon.

ENDORSEMENT BY SENATOR MORSE OF PRINCIPLE OF MULTILATERAL AID

Mr. MORSE. Mr. President, yesterday I was pleased and delighted to read in the New York Times of the new international loan fund to be proposed today by the Senator from Oklahoma [Mr. MONRONEY].

On February 10, I addressed the Senate on the subject of the military aid program of the United States, pointing out the many serious questions that have been raised as to its purpose and the effects it is producing around the world. I pledged that I would soon devote a similar speech to the economic aspects of foreign aid, and make some suggestion as to how I believe the United States could effectively use economic aid to raise living standards in the so-called underdeveloped countries.

One of the primary features of such aid must, I believe, be emphasis upon multilateral channels. If the concept of "foreign aid satellites" is ever to be removed from foreign aid, both from the minds of Americans and from the minds of recipient countries, I think such aid must be channeled through the United Nations.

Several devices have been proposed. One is the Special United Nations Fund for Economic Development; another is the expansion of the World Bank, as proposed by the Senator from Oklahoma, [Mr. MONRONEY] and by the government of West Germany; another would not involve development loans but would provide for a greatly expanded technical assistance program.

It is my intention to speak at length on these proposals very soon, presenting their merits and demerits. I am increasingly convinced that the problems of underdevelopment that today are the major factors of daily life in Asia, Africa, and the Middle East in particular, and in many other parts of the world, as well, are too big and too important to remain a football of the East-West struggle.

In my study of the task force reports made for the Special Senate Committee to Study the Foreign Aid Program, I found this very significant conclusion:

Actually, the failure of the United Nation's technical assistance program to achieve far-reaching results does not stem from the way it is organized and administered. It stems from the simple fact that no money is available to pay for the capital goods and equipment, without the work and the advice of the most talented and devoted experts can yield but meager results.

This was Study No. 11: Foreign Aid Activities of Other Free Nations, by Stuart Rice Associates.

There is presently no multi-lateral lending institution, except for the International Bank, whose loans have unqualified conditions for repayment and a comparatively high rate of interest.

That means that nations seeking development capital—and nations that must seek it outside their own borders are not likely to be able to pay high rates of interest—must attach themselves to some extent either to the United States or to the Soviet Union as a means of developing their economies. I am convinced that the world must get away from that situation; and the best way to do it is to establish economic development assistance as a function of the United Nations.

That is why I think the junior Senator from Oklahoma has done the Nation and the world a great service by putting forward his proposal. I welcome his proposal, and I commend his action in advancing it. Not only does it have great merit in itself, but it opens a new dimension in economic aid—that of multi-lateral aid. It is the dimension which I think will prove vital to the success of economic development, because in my opinion economic development on a worldwide basis can be successful only if it can take place free from the power struggle between East and West.

Mr. President, in concluding my comments on this subject, I ask unanimous consent to have printed at this point in the RECORD, as part of my remarks, an article entitled "Monroney Urges a Second World Bank." The article was written by E. W. Kenworthy, and was published in the New York Times of yesterday, February 23.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MONRONEY URGES A SECOND WORLD BANK—IT WOULD MAKE LOW-INTEREST LOANS TO POOR NATIONS

(By E. W. Kenworthy)

WASHINGTON, February 22—Senator A. S. MIKE MONRONEY will recommend to the Senate Monday the creation of a new international agency to make long-term, low-interest loans to underdeveloped nations.

The international development association—as the Oklahoma Democrat tentatively calls the agency—would be associated with the International Bank for Reconstruction and Development, familiarly known as the World Bank.

However, the new agency would limit itself to making loans that the World Bank, under present regulations, must reject.

STUDIED BY ADMINISTRATION

For the last 18 months Senator MONRONEY has been discussing with financial leaders here and abroad a new approach to the problem of financing economic development in countries that cannot always meet the loan terms of the World Bank, but would prefer to get credits through an international agency.

Senator MONRONEY said today that in the hope of getting a bipartisan approach to the problem, he had discussed his plan with many leaders in the present administration.

He said that while "there has been no many leaders in the present administration position" on his proposal, administration leaders "are giving it a continuing study."

What Senator MONRONEY, like many other legislators, has been seeking is a change from the unilateral grants and loans that have been the basis of the United States foreign economic aid program for the last 12 years.

He has also been seeking a way to use foreign currencies that will accrue to the United States from the sale of agricultural surpluses.

The proceeds are usually loaned back to the purchaser. In a few years, when repayments of these loans are in full swing, the United States will be faced with the problem of what to do with this accumulation of local currencies.

BILLION CAPITALIZATION

The Monroney plan envisages a new agency initially capitalized at \$1 billion. Of this the United States would put up \$300 million and other countries \$700 million. These currencies would be convertible.

This \$1 billion would provide the agency with the necessary hard money base. The subscribers would have the voting stock in the agency proportionate to their subscription, in the same way that voting stock is distributed in the world bank.

It has been suggested that for its purchase of capital stock the United States might use the \$300 million appropriated by Congress last year for the development loan fund. This idea, it is thought, might be attractive to Congress because it would avoid any new appropriation for capital stock. The initial \$300 million appropriated for the development loan fund remains intact, since no loans have been made.

It has also been suggested that the United States for a few years might use interest payments on earlier foreign aid loans at the rate of \$75 million a year.

Similarly, it is believed, hard currency countries in Europe might find some of the money for capital stock purchases in their unexpended counterpart funds. Under mutual security agreements in past years, these countries set aside in their own currencies roughly the equivalent of the military aid they received. This was to be used for economic development. Not all of it has been expended.

NONVOTING STOCK PLANNED

The Monroney plan also provides for a nonvoting stock to be purchased with soft local currencies. It is here that the United States would find a use for the local currencies accruing from the sale of surplus farm commodities.

Out of this mixture of hard and soft currencies the international development association could make long-term multilateral loans at low interest rates.

Officials at the World Bank have pointed out to Senator MONRONEY that many times the bank has had to refuse a loan application because it did not regard the total loan requested as "bankable." That is, the bank did not believe the applicant able to repay the whole loan and meet the interest payments in hard currency, as the bank's rules require.

On the other hand, the bank has often regarded 50 to 80 percent of a loan request as "bankable." But for lack of an institution that would take the other 20 to 50 percent, the loan has been refused.

Mr. MONRONEY's agency, then, is envisaged as just such a "secondary mortgage" bank, which might supply what the World Bank could not. The interest rate of the new bank's loans would be 2 percent repayable over forty years, compared with World Bank terms of 4 to 6 percent over twenty years.

Senator MONRONEY gives this example of how the proposed bank might operate in conjunction with the World Bank:

Suppose a \$400 million loan was requested by India and Pakistan for a joint, multi-purpose river development project. The World Bank might decide that it could supply half the loan. The remainder would be provided by the new bank.

The new bank could make its loan in several currencies. Dollars could be used to purchase earth-moving equipment; deutschmarks for the erection of a cement factory; pounds, francs, and guilders for generating equipment and rupees for local labor.

AVOID "HANDOUT" LABEL

By getting development aid on an international, multilateral basis, Senator MONRONEY believes that the American people would no longer regard economic aid as a handout and underdeveloped countries would no longer feel they were accepting charity, with political strings attached.

Furthermore, the Senator has been told that such an agency could be created with little addition to the personnel of the World Bank.

Loans at 2 percent, the Senator points out, would be competitive with those the Soviet bloc offers.

By contrast, loans under the development loan fund would carry interest from $3\frac{1}{2}$ to $5\frac{3}{4}$ percent.

In a statement today, Senator MONRONEY said that the mutual-security programs of the past "served a splendid purpose," but that the world had now changed and a different aid concept was needed.

"The free and uncommitted nations of the world now expect and demand to progress on a basis of equality," he said. "There is no place in the world today for anything that can be construed as a handout. Instead we need to stress multilateral loans which can be made on a completely self-respecting basis."

He continued:

"Dozens of nations are emerging from colonialism. We must together finance those projects which will give them their economic independence. Every young nation needs an international line of credit and through a multilateral lending association the currencies of many nations can be used to provide it."

FINANCIAL DISCLOSURES BY MEMBERS OF CONGRESS

Mr. MORSE. Mr. President, in yesterday's magazine section of the New York Times there was published a very thought-provoking article entitled, "Who Polices the Policeman (Congress)?" The article was written by my colleague, the junior Senator from Oregon [Mr. NEUBERGER]. I ask unanimous consent to have the article printed in the RECORD, together with this comment by me:

I believe that the points the junior Senator from Oregon raises in his article are deserving of the careful attention of the appropriate committee of the United States Senate. Again, as I did last Friday afternoon on the floor of the Senate, I renew my recommendation for a consideration of my proposal of many years' standing in the Senate, namely, that the Congress pass a measure requiring that all officials of the Government, including Members of the Congress, who receive a Federal paycheck of \$10,000 a year or more, be required once a year publicly to disclose the sources of all their income and its amount.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHO POLICES THE POLICEMAN (CONGRESS)?—INVESTIGATIONS OF CONFLICT-OF-INTEREST CASES RAISE A QUESTION IN POLITICAL MORALITY: SHOULD CONGRESS ITSELF BE EXEMPT FROM THE STANDARDS IT IMPOSES ON OTHERS?

(By RICHARD L. NEUBERGER)

WASHINGTON.—Once again the disturbing question of conflict of interest is racking the city that is our seat of government. This time those involved are predominantly members of powerful quasi-independent

regulatory commissions, with particular emphasis on the personnel of the Federal Communications Commission, which allocates licenses for radio and television outlets. Some of these men have been charged by congressional committees with accepting entertainment, travel expenses, speaking fees, and reception equipment from various segments of the industry that they are supposed to supervise. Wives and other members of their families are also said to have shared in this hospitality. Certain of the charges have been challenged, but the basic issue continues as one of the thornier problems confronting representative government like ours.

How can private obligations be squared with one's responsibility to the public?

In these cases conflict of interest has been interpreted to mean that Federal commissioners may not be able to exercise their regulatory powers fairly and judicially when they are indebted for financial or social favors to those whom they must regulate. A television channel, after all, is a highly valuable piece of property. The dispensing of such property should never be influenced by any conflict of interest which stems from the showering of gifts upon the dispensator. Such is one crucial facet of the conflict-of-interest controversy.

Conflict of interest does not always take this form. Frequently it derives from a person's own acquisitions, rather than from offerings pressed upon him. During the very recent past, Senate committees investigating the qualifications of various Cabinet appointees of President Eisenhower have suggested that these men sell their stocks in industries negotiating contracts with the Government. Such suggestions have affected the corporate holdings of Presidential selections from the business world like ex-Secretary of the Treasury George M. Humphrey and his successor, Robert B. Anderson, and ex-Secretary of Defense Charles E. Wilson and the man who succeeded him, Neil H. McElroy.

The implication has been that an inevitable conflict of interest occurs when the head of a Government department must rule or pass upon contracts with a firm in which he himself retains an equity. It evidently would be taxing human nature too strenuously to expect strict impartiality in such circumstances.

Whenever the conflict-of-interest issue is raised on the floor of the Senate or House, or before a committee of either Chamber, the public stirs uneasily. The taint of corruption or shady dealings is sniffed in the land. Murmurings come from the political opposition, and often in highly inflammatory terms. The slurs over baked hams and deep freezes in the Truman administration still rankle Democrats and have not been forgiven. My Senate colleague from Oregon, WAYNE MORSE, has declared the President Eisenhower himself is guilty of a conflict of interest by accepting gifts of cattle and farm machinery for his Gettysburg estate.

The claim of conflict of interest, whether brought against Republican or Democratic regimes, invariably makes people commence to suspect that Government has departed a long way from the ideals of Thomas Jefferson, who said, "When a man assumes a public trust, he should consider himself as public property."

Yet, as a Member of the United States Senate, I have some uneasy feelings of my own over the entire conflict-of-interest question, especially because the voicing of this question in any particular episode almost always begins in the Halls of Congress. Congress has set itself up to scrutinize the ethics and morals of the executive branch of Government. But who watches Congress with respect to conflict of interest? Is the sentry unsullied? In other words, who polices the policeman?

Many different statutes pertain to the general matter of conflict of interest. One of these laws stipulates that "no person appointed to the office of Secretary of the Treasury shall directly or indirectly be concerned or interested in carrying on the business of trade or commerce, or be owner in whole or in part of any sea vessel, or purchase by himself, or another in trust for him, any public lands or other public property, or be concerned in the purchase or disposal of any public securities of any State, or of the United States. * * *

This all well and good. The Secretary of our Treasury must be above suspicion. No conflict of interest should ever attach to him. Yet the Secretary merely carries out the broad policies of taxation, of maritime customs and arrangements, of tariffs, of banking procedures, which are fixed for him by Congress. Why, then, do not these restraints apply to Members of the Senate and the House? They can own a sea vessel, buy any securities they please, negotiate to run their grazing herds on public lands, and be very much interested indeed in carrying on the business of trade and commerce. Furthermore, they can accept speaking fees. Some of these fees not only run to \$1,000 or more, but are offered by organizations and groups directly interested in issues pending before Congress.

What is the theory behind such a double standard of morality? Can it possibly be the settled notion of the American people that an appointee of the President, serving as Secretary of the Treasury, is likely to be motivated by his own financial self-interest but that an elected Senator or Representative will be immune to any of these temptations? Is Congress a law unto itself?

"You can't make a Senator do anything," exclaimed a Senator, KARL E. MUNDT, of South Dakota, during the dispute between the Army and the late Senator Joseph R. McCarthy in 1954. This seems to be the situation which lurks behind congressional exemption from the code imposed on executive agencies. A Senator, or his counterpart in the House of Representatives, can do no wrong. This may have been what was meant by Dr. George Galloway and his collaborator, Cabell Phillips, when they wrote 5 years ago, in a book about the legislative process: "No one ever investigates Congress."

Yet I fear that it has a corroding effect on Government generally, when a member of the President's Cabinet can be ordered to jettison his corporate portfolio by Senators who themselves may be dabbling in oil, cotton futures, television, hotel chains, or uranium. If Federal Commissioners are to be pilloried for accepting hacienda suites at Palm Springs or airplane tickets to Palm Beach, how can Senators and Representatives continue profitable associations with law firms retained by banks, railroads, labor unions, and utility companies?

I want to emphasize that my thesis implies no criticism of any specific Senators or Members of the House. All are only doing what comes naturally. This is a matter of group behavior and not individual sin. The pattern has become accepted over the years. Most of our lawmakers are fundamentally honorable and trustworthy, but custom and habit apparently justify many contradictions. Although celebrated careers as congressional investigators have been built by looking for flyspecks in governmental bureaus, our country's annals record few instances when conflict of interest ever was applied to a Senator or Representative.

In fact, Daniel Webster of Massachusetts has just been selected by a bipartisan Senate committee as one of the five greatest Senators of our history, to be heralded in a special portrait gallery at the Capitol. The choice of Senator Webster was recently eulogized on the floor of the Senate. But

Webster once wrote to Nicholas Biddle, president of the controversial Bank of the United States: "I believe that my retainer has not been renewed or refreshed as usual. If it be wished that my relation to the bank should be continued, it may be well to send me the usual retainers."

This was conflict of interest with a vengeance—even at the point of blunt threats. The Bank of the United States was in need of a Federal charter at the moment. Yet Senator Webster has been chosen in our own time as one of the Senate's immortals. Why, in view of this, should lesser legislators worry about owning "sea vessels" or acquiring radio and television outlets?

I am encouraged by the fact that I am by no means the only member of Congress troubled by the double standard surrounding the current crisis over conflict of interest. Senator Paul H. Douglas of Illinois has lamented many times that members of the House and Senate may accept valuable gifts or speaking fees which could be the downfall of a bureaucrat in one of the executive departments. Senators THOMAS C. HENNING, JR., of Missouri, and ALBERT GORE, of Tennessee, have sought to provide for closer scrutiny over funds spent for lobbying, influence-peddling, and other avenues to Congressional favor. And Representative THOMAS M. PELL, a Republican sent to the capital by the populous Seattle district, recently told his colleagues:

"I raise the question as to whether bankers should be on committees that consider matters of benefits to banks? Should members who own farms frame legislation to support the prices of crops they raise themselves? * * * It is pretty obvious that if I owned an oil well, I should not be free to participate in setting the rates for depletion. Members of Congress have raised their eyebrows and also their voices, at times, over situations involving the ethics of members of the executive branch of Government. It seems to me the standard we have set for ourselves is not as high as the standard we have set for others."

As a member of the Senate Committee on Post Office and Civil Service, I have heard Presidential appointees to the Postal Department asked if they had any properties which might benefit from special classes of mailing rates. Of course, a conflict of interest was at stake in their replies. Yet, a good many members of Congress are engaged in daily or weekly newspaper publishing, and no question ever seems to be raised when they vote on the second-class mailing schedules that apply to newspapers.

I am the author of quite a few books, but I can participate without criticism in Senate discussions deciding the fate of the separate mailing rate for book publishers. As a Senator, I am free to file for a radio-station wave length, to bid on national forest timber or to prospect for minerals on Federal land. Yet, as a Presidential appointee to the agencies handling these matters, I would be forbidden under the conflict-of-interest statute from any such undertakings. Ironically, the Senate and the House form the supreme policymaking arm of our country, which sets the rules for all these responsibilities of Government, and many more, besides.

However, it is not even in this realm that I regard Congress as being the most paradoxically immune to the conflict-of-interest standards by which it measures Federal bureaus. I think the greatest degree of irony and contrast is to be found in the freedom of candidates for the Senate and House to collect huge campaign funds.

William S. White of The New York Times, author of the Senate analysis, Citadel, has written that it requires a \$200,000 exchequer to win election as a Senator in a state of small population and at least \$1,000,000 in a large industrial state. This, it seems to me,

narrows to a *reductio ad absurdum*, spectacle of a Senate committee breaking a poor Presidential appointee on the wheel because he owns some General Motors stock or is married to a woman who manufactures military uniforms.

To begin with, I believe that the native integrity of the average human being is most jeopardized by favors he has accepted from somebody else rather than because of any holdings which have long been his own. Our political system being what it is, most successful senatorial candidates take the oath of office after having received substantial benefactions from the political-action funds of labor organizations or from the owners of distilleries, sawmills, gas corporations, power companies, breweries, airlines, and mines.

If this is not conflict of interest, what is it? Such groups are as involved in legislation as was the Bank of the United States during Webster's era. Can it be that a Federal Communications Commissioner is susceptible to the loan of a color television set, but a Senator or Representative incurs no commensurate obligation because of a \$5,000 campaign contribution from a leading stockholder in a broadcasting chain?

What is the solution to all this? Must we continue standards of behavior for the executive and legislative branches of Government under which one is expected to observe antiseptic purity while the other may fare forth every 2 years in quest of campaign treasuries of ever-increasing size? It is estimated that all the major political contests of 1956 cost at least \$200 million for radio and television time, elaborate headquarters, paid managers and agents, signboards along miles and miles of trunk highways, and prodigious quantities of buttons, badges, balloons, and similar gadgets. This sum is sufficient to create more conflict-of-interest dilemmas than could be unearthed by Scotland Yard, the Royal Mounties, and the Federal Bureau of Investigation combined.

My recommendations for correction are these:

(1) The executive and legislative wings should be governed by conflict-of-interest laws as nearly similar as their differing structures and composition will permit.

(2) Neither administrative appointees nor Members of Congress should be required to divest themselves of their corporate holdings or other possessions. The mere public listing of these equities annually ought to be enough in a democracy to assure that such ownership will not be subject to abuse.

(3) This public listing should include a record of any speaking fees larger than \$100, of any travel reimbursement from private sources higher than this amount, of any gifts greater than this value except from members of one's own family.

(4) President Theodore Roosevelt's recommendation of 1907 should be put into effect, which would liberate political candidates from the necessity of raising large purses from private donors by authorizing the Federal Government to finance each major party with a contribution of 20 cents per voter in presidential years and of 15 cents in the off-year elections.

(5) Enforcement of these statutes should be removed as far as possible from politics, through a special nonpartisan agency in the Office of the Comptroller General, which would supervise all laws dealing with conflict-of-interest or corrupt practices.

(6) The net financial worth of a Federal administrator or Member of Congress should be disclosed at the start of his public career, in much the same manner as Adlai E. Stevenson revealed his holdings in the presidential campaign of 1952. I am convinced this kind of yearly accounting would do far more to curtail favoritism or pocketlining than any number of artificial limitations, such as forbidding a Secretary to own a "sea vessel"

or trying to prevent a Senator from establishing a law-firm connection in his home State.

(7) Adequate provision should be made by the Government for the office expenses and travel needs of Members of Congress, so they will not be under compulsion to compete for questionable speaking fees and otherwise feel an urgency to augment their incomes. I know that many Senators' exhaust their \$1,800 stationery allowance and \$300 fund for postage stamps long before the year is ended. After that, these supplies are paid for by the member himself. In addition, one round trip annually between the National Capital and a legislator's home State is rarely sufficient and plane or train fares across the continent to California, Oregon, or Nevada are expensive.

These proposals, in and of themselves, will not promote honesty in Government. The stain of corruption or careless ethics is not thus easily removed. Nor are rules ever a substitute for men and women of character and enduring integrity. But such a code would have the great virtue of placing the executive and legislative branches on the same moral footing. And one of its genuine additional benefits would be to provide for enforcement outside the ordinary political zones of Government. The Comptroller General is appointed for 15 years; that fact furnishes insulation from the hazards of each passing election.

Today, for example, we have statutes dealing with the disclosure of campaign contributors, but such laws are honored principally in the breach. My 1954 campaign in Oregon was comparatively underfinanced. My Republican adversary outspent me by at least 75 percent. I had not one billboard. I had a small 2-room office near the top of an unpretentious building, only 2 poorly paid employees and few printed brochures. My campaign had only limited television time—a few 1-minute spots and a single 15-minute program with my wife, who was a candidate for the legislature, on the night before the election.

Imagine my consternation, therefore, when I discovered that the senatorial contest in sparsely settled Oregon had reported a much larger expenditure to the Secretary of the Senate than extravagant campaigns in some of the States of greatest population. I decided, then and there, that few United States attorneys or attorneys general cared to invoke the rather ambiguous Corrupt Practices Act against United States Senators.

But until we end this double standard, until we make a Senator as scrupulous about conflict of interest as a Cabinet member must be, we shall merely be shadowboxing when we talk about coming to grips with shabbiness in Government. Nor will we be dealing fairly with Congress itself unless we promote affirmative and enlightened steps to free the average Senator or Representative from the humiliating necessity, every few years, of collecting a well-filled purse to finance his continuance in public office.

Mr. CLARK. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. CLARK. I should like to associate myself with the remarks of the distinguished senior Senator from Oregon. I wish to say that I should like to add my small amount of weight in urging our colleagues to pass such a bill. In my judgment the Members of Congress are in an untenable position when they talk about conflicts of interest among appointees to Federal agencies, while they deny complete access to their own finances.

Mr. MORSE. Mr. President, I wish to say to my friend, the Senator from

Pennsylvania, that he is a most welcome partner in this cause of mine for full public disclosure. I have been pleading for it for a long time. I think I first introduced it in 1947.

Mr. LAUSCHE. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. LAUSCHE. I desire to associate myself, also, with the declarations made by the senior Senator from Oregon [Mr. MORSE]. I believe that Members of Congress are in an indefensible position when they batter and clobber the members of Federal commissions and agencies because of their holdings of what are supposed to be interests in certain enterprises, which holdings conflict with the just performance of their duty, while at the same time the Members of Congress vote on measures in which many of them have profound fiscal interests, separate from the general interest that a taxpayer has in such measures. I believe enactment of the proposal made by the Senator from Oregon would be healthy and wholesome for the people of the country.

Mr. MORSE. Mr. President, the Senator from Ohio honors me in joining me in what I consider to be this public-interest cause.

A year ago, I believe, I had a study made—and later this year I shall use it in the debate—of the number of times in the past 25 years when a Member of the United States Senate asked that he be excused from voting on a particular measure because in his opinion he had in the issue then pending a personal interest such that, in fact, he would have to be considered one who had at least a conflict of interest or one who would be guilty of a conflict of interest if he cast his vote on that measure.

Mr. DOUGLAS subsequently said: Mr. President, the junior Senator from Oregon [Mr. NEUBERGER] has an unerring capacity to identify basic moral issues and to uncover the self-righteousness with which we sometimes decry the weaknesses of others, while ignoring faults in ourselves.

He has written an article entitled "Who Polices the Policeman—Congress?" which appeared yesterday in the New York Times magazine, and which makes the unanswerable point that the problem of our own possible conflict of interest should be the concern of Members of Congress, along with such conflicts in the case of officers of executive agencies and departments.

Unless we reject the double standard under which we insist upon executive purity in matters in which we tolerate very different practices by ourselves, we shall weaken the confidence of the people in Congress.

For the wider considerations of the proposals of the Senator from Oregon [Mr. NEUBERGER] for dealing with this problem, I ask unanimous consent to have printed in the Appendix of the RECORD our colleague's thoughtful article.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. MORSE. I will say to my friend, the Senator from Illinois, I had already

introduced into the RECORD today the article written by the junior Senator from Oregon [Mr. NEUBERGER], and I am glad the Senator from Illinois shares my opinion of the article. I would like to have the RECORD show that the Senator associates himself with my opinion on the article.

Mr. DOUGLAS. Mr. President, I do. I withdraw my request to have the article printed in my name, and ask that my comments follow those of the senior Senator from Oregon. I thank the Senator from Oregon.

THE AL SARENA CASE

Mr. MORSE. I ask unanimous consent to have printed in the body of the RECORD, as a part of my remarks, an editorial which was published in the Milwaukee Journal of February 16, 1958. I wish to commend highly the journalistic courage of the editors of the Milwaukee Journal for pressing for a further discussion of the scandalous situation which developed in this country, and which was such an issue in the 1956 campaign—both in my campaign and in the campaigns of others. I refer to what is known as the Al Sarena case.

The heading of the article is "Now, How Do You Like Giveaway of Your Timber?"

The editorial goes on to point out, as I did in the campaign, that the conduct of the administration in respect to the Al Sarena matter was naught but scandal. The editorial closes with the following statement:

The Eisenhower administration defends this as good business. It derided critics like the Journal who repeatedly called it a giveaway. The record speaks for itself. The Journal asserts again that the Al Sarena case was, and is, a scandalous giveaway of public timber under the shallow guise of granting mining rights.

There being no objection, the article was ordered to be printed in the RECORD as follows:

Now, How Do You Like "GIVEAWAY" OF YOUR TIMBER?

The Al Sarena "giveaway" which made headlines a few years back is 4 years old this month. Taxpayers ought to be interested in how the "gift" that the administration made to "private enterprise" is turning out.

The history is this: The Al Sarena Mining Co. held claims on 475 acres of Government timberland in the Rogue River National Forest in Oregon. For years it tried to get Government permission to "mine" the land. The Government refused. Government assays showed that there were not minerals enough to justify mining. To pay off, ore must assay at a minimum of \$20 a ton. Government tests showed that the Al Sarena tract assayed "from \$7.50 a ton to zero." Government officials contended that Al Sarena had its eye on "gold" in timber—not in the ground.

Then came the present administration. Clarence Davis, Solicitor and later Under Secretary of the Interior Department, let Al Sarena pick its own assayer. He was in Alabama—hundreds of miles from Oregon. Davis accepted the company's assay, overruling Government assayers, the Bureau of Land Management, and the Forest Service. "Umpire" ore samples, taken from the tract and held by the Government, were dumped in the Rogue River by an Al Sarena and a

Bureau of Mines engineer. Thus, they could not be rechecked if the assay was challenged.

Al Sarena got its patents (permission to mine), paying the Government \$5 an acre for the tract, or about \$2,375. Appraisers estimated that the timber on the tract alone was worth \$230,000 to \$650,000.

Has Al Sarena mined the tract? Well, just before the 1956 Oregon elections, when the giveaway was a big issue, miners appeared, all in costume and with tools. Pictures were taken of them on the tract and sent to newspapers as proof that mining was going on. But did they mine or were they just plants?

The answer is this: There was no mining before 1955. And the regional forester of the United States Forest Service reported just last October that "to our knowledge, there has been no appreciable mining activity [on the Al Sarena tract] since 1955."

But there has been plenty of timber activity. The same regional forester reports that Al Sarena has taken 2,961,000 board-feet of timber from the tract through October 1957. Roughly, that's about \$200 an acre gross return on each \$5 of land investment—and in only 4 years and with the bulk of the timber still to be harvested. Any gold that was in the ground is still there. But the profit from the timber is in Al Sarena's pocket instead of the taxpayers'.

The Eisenhower administration defends this as good business. It derided critics like the Journal who repeatedly called it a giveaway. The record speaks for itself. The Journal asserts again that the Al Sarena case was and is a scandalous giveaway of public timber under the shallow guise of granting mining rights.

TEMPORARY INCREASE OF PUBLIC DEBT LIMIT

The Senate resumed the consideration of the bill (H. R. 9955) to provide for a temporary increase in the public-debt limit.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Hampshire to recommit the bill.

Mr. COTTON. Mr. President, I intend to take but a few moments of the time of the Senate. I have not had an opportunity, in my own time, to make plain and clear to the Senate the reasons for my motion to recommit the bill, which raises the ceiling on the national debt. I wish to make my reasons very plain.

I was very much interested in the statement of the able and distinguished junior Senator from Pennsylvania [Mr. CLARK] opposing the motion to recommit. Two matters which he mentioned impressed me very greatly, and I have much respect for him and for his opinion. One was the statement that he did not believe in any debt limit, anyway—any ceiling on the debt. The second was his statement in response to the question by the Senator from Oregon, when, if I understood him correctly, my friend from Pennsylvania said, "I want this ceiling raised so that the fact that we are close to the ceiling cannot be used as an excuse to deny appropriations for various causes," which he enumerated, and which I shall not enumerate, because I might misquote him, but which included aid to schools and various pump-priming projects which may be necessary and which he desires to have provided for.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. CLARK. I should like to make a brief correction. I mentioned schools, roads, urban redevelopment, and slum clearance. I am sure the Senator will accept a correction in the statement which he has just made. Those are not pump-priming projects, but projects we have desperately needed for years, recession or no recession.

Mr. COTTON. I thank the Senator. I appreciate his correction. I will agree to withdraw my statement about pump priming, but I cannot agree with the Senator that, at this particular time, in this year of 1958, all the items he has named are more important to this country than its fiscal solvency, desirable and nice though such projects may be.

Mr. President, in making my motion to recommit, I desire to make it crystal clear that the Senator from New Hampshire does not question the judgment of the able Senators on the Finance Committee who have come to the conclusion that, in the interest of flexibility, and in order to administer the fiscal affairs of this Government, the debt ceiling must very likely be raised somewhat in the near future. I am ready to accept that statement.

Then it may be asked of me: "If you are ready to accept it, why do you try to delay? Why do you try to recommit the bill to the committee? If it is to be done next month, or months later, or this year, why not do it now?" That is the question I want to answer.

I am making the motion to recommit with the question of timing in mind, and timing alone. I wish to repeat to the Senate now, with all the emphasis at my command, what I said briefly in my colloquy with the distinguished Senator from Nevada [Mr. MALONE]. I think we are all agreed that the people of this country are concerned. I think we are all agreed that it is most necessary, at this time, for the safety, the security, and the prosperity of the country, to have the public confidence.

Mr. President, if we raise the debt ceiling before we have done anything else to relieve the financial pressure it will inevitably have a terrific impact on the thinking of the people. Experts may talk all they want to about flexibility; but the passage of the bill mean that the first action of the Senate of the United States, in the second session of this Congress, in 1958, before it did anything about the postal deficit, before it did anything about the various Hoover reorganization bills which are waiting to come upon this floor, before it did anything about some of the subsidies we are paying, before it passed one single solitary bill designed to rehabilitate the fiscal condition of the Treasury, was to raise the debt limit. Shall we face these issues, or is this to be a business-as-usual, politics-as-usual, pork-barrel-as-usual session?

Mr. POTTER. Mr. President, will the Senator yield?

Mr. COTTON. I yield to the distinguished Senator from Michigan.

Mr. POTTER. I am interested in the point the distinguished Senator has

made. Is there any reason why action on the bill before the Senate, to increase the debt limit, cannot be postponed until after the Congress has acted on various appropriation bills to come before it? Is there anything in our fiscal structure today that necessitates raising the debt limit at this particular time?

Mr. COTTON. I thank the Senator for his very timely question. I was just about to reach that point. This is the answer to his question. First, I call attention to page 2 of the hearings of the committee, when the honorable Secretary of the Treasury outlined the fundamental reasons why the debt limit should be increased at this time. He said, as appears on page 2 of the hearings:

Before doing so, however, I want to emphasize again that the need at this time for a debt limit increase is based on:

1. The fact that cash balances have been running distressingly low, as I will show in detail later.

2. There is need for more flexibility for more efficient and economical management of the debt.

3. Even with a balanced budget there will still be large seasonal fluctuations in receipts which make operations under the \$275 billion limitation most difficult.

Then he went on to say, and I am giving the arguments for immediate action first:

Some part of the debt is coming due each month, so that at all times the Treasury is faced with substantial refunding problems.

He goes on to indicate the need for flexibility. I do not discount the need for flexibility, but I note that he does not say that we have today, or this week, reached the point where, in order to maintain the fiscal integrity of the Treasury, the debt ceiling must be increased without delay.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. COTTON. I shall be glad to yield as soon as I have completed my quotation from the Secretary's statement, if the Senator does not mind.

Mr. BENNETT. I shall be happy to wait.

Mr. COTTON. I wish to refer to page 423 of the hearings. The distinguished chairman of the committee, the Senator from Virginia [Mr. BYRD] was questioning Mr. Brundage, of the Bureau of the Budget, as follows:

The CHAIRMAN. Do you think a tight debt limit is a deterrent to unnecessary spending or not?

Mr. BRUNDAGE. I think it is; yes.

The CHAIRMAN. You approve of it

Mr. BRUNDAGE. I don't mind saying that a debt limit, I think, is a good thing.

The CHAIRMAN. There is not much reason to have a debt limit unless it is right. You think it is a deterrent to unnecessary spending?

Mr. BRUNDAGE. I do.

Senator WILLIAMS. One proposal has been made that perhaps, even if we give the \$5 billion to the Department, that we put two termination dates on it, that we let \$2 billion expire February 1, 1959, and \$3 billion to expire as requested. What would you say to that? That would give the Congress a chance to reappraise it in January of next year, and would give us control over this to a greater extent.

Mr. BRUNDAGE. Well, I haven't discussed it with the Secretary of the Treasury, but I personally wouldn't think that would be an unreasonable way of handling it.

Senator WILLIAMS. Would you think it would be advisable for Congress to keep control in such a manner?

Mr. BRUNDAGE. You would then have been in session for another month, and this would give us the leeway through January 15, next year, which I think is desirable, and then, if the situation looked critical, the Department could come back again.

Later Mr. Brundage said:

Well, I think the tough periods are going to be January 15 and March 15, next year. So I don't think it would be any better.

He meant he did not see any improvement.

Making it a temporary extension, I think, is a good idea.

I should like to add one word, and then I will yield to the distinguished Senator.

Mr. Brundage subsequently supplied a statement for the record, because he said he wanted to confer with the Secretary of the Treasury. The statement was:

After discussing this proposal with the Secretary of the Treasury, I find that it would not cover the difficult time between February 1 and March 15 of next year.

Mr. President, I should like to make one point, and then I shall gladly yield to my colleague.

Mr. President, it seems crystal clear from the evidence that the need for an increase in the debt ceiling at this time is to furnish flexibility, or to provide a more economical financing of the debt. I grant that those are necessary and laudable motives.

It seems equally clear that the actual desperate need with respect to the ceiling on the debt will not come, according to the evidence of the Bureau of the Budget, until next year, if it comes at all. The Senate will be in session, and Congress will presumably be in session, until at least next August and can act then in plenty of time to meet the need without prejudging the matter today.

My point is that if we grant that the time is coming when there will be a need and we cannot go home without giving to the Secretary of the Treasury full elbowroom to conduct the necessary fiscal and financial operations of the Government, even if we concede that within the next 3 or 4 weeks or months, it would be a good thing to increase the debt ceiling to give a flexibility in the financing of the debt as it becomes due, my point is still valid, that there is nothing so pressing on this particular day to call for such action, and nothing of sufficient value to be derived therefrom as to call upon us to sacrifice all that we will lose in the effect upon the American people by enacting the bill into law now, before we enact one single bill of the many we are contemplating in the interests of economy.

When a Senator stands on this floor, as a Senator did a few minutes ago, and says, "I want this action taken because I do not want the debt limit to be used as an excuse to say 'No' to urban development, to aid to education, or to various

other projects" that in itself gives away the whole story, Mr. President.

I am suggesting that Senators should not refuse to vote to recommit the bill simply because we may have to pass the bill later this session, because the bill can be passed at any time very expeditiously. The bill has been passed by the House. The bill will be in the Committee on Finance, and it can be brought before the Senate and passed before night, any day.

Before this week is over we will have the opportunity to do something about the postal deficit. Certainly we can take some action on bills which are in committees which would put into effect the recommendations of the Hoover Commission, as to which the people of this country have a vital interest.

Action to increase the debt limit at present is ill timed. A vote in favor of the motion to recommit will simply have the effect of saying, "Let us wait and prove our good faith—the good faith of the Congress to the people of the United States that some affirmative acts of economy will be taken, rather than head the procession and cause headlines to be written saying that the first thing the Senate did was to increase the debt limit."

I apologize to my friend, the Senator from Utah, for making him wait so long. I am glad to yield to him now.

Mr. BENNETT. Mr. President, does the Senator from New Hampshire realize that since the hearings were held it has been necessary for the Treasury to sell \$100 million of the remaining \$500 million of free gold because its balances reached the point where the Treasury could not finance its daily operations without taking that rather drastic step?

Does the Senator also realize that between now and the time income taxes are received we are in fact in the period of greatest crisis, which is the period between now and March 15?

The chances are that the Treasury may have to sell a part if not all of the remaining free gold holdings under the present situation. I believe this is a time of crisis. I think this is a time when, in order to protect the credit of the Treasury and to give the Secretary an opportunity to carry out his responsibilities, we must afford relief in this tremendously tight situation.

Does my colleague feel, after the committee has heard testimony regarding this matter, and after the committee has decided that this is the time to take action, Senators should be asked to send the bill back to committee and put it on the shelf, so that the committee may bring it out in the next time of crisis? I think the time of crisis is now, and this is the time to vote on the bill.

Mr. COTTON. Mr. President, I may say to the very able Senator from Utah, who is an expert in these matters, and in whose judgment I have the very greatest confidence, that the Senator from New Hampshire will freely admit that the Senator from Utah and the other distinguished members of the Senate Committee on Finance undoubtedly understand the technicalities of the situation regarding the fiscal matters much

more clearly than does the Senator from New Hampshire. However, I am suggesting as a practical matter to my friend, the Senator from Utah, that he should bear in mind the fact that there are many millions of people in the United States who have the same rather simple and direct approach, and the same limited intelligence that characterizes the junior Senator from New Hampshire, and that the impact upon the confidence of the people is a matter of vital importance.

I am willing to accept the word of the Director of the Bureau of the Budget that the critical time will not come for at least a few weeks. I accept the word of the Secretary of the Treasury that the reason for taking the action requested today is to provide for some flexibility in financing the debt.

I say, as I have said before, that I certainly will accept the word of my distinguished friend, the Senator from Utah, who has studied this matter so thoroughly, and I will accept his word now that perhaps within 3 weeks or a month such action should be taken, and that perhaps we may sacrifice some financial gain and suffer some financial loss by waiting.

Nevertheless, I adhere to the point, Mr. President, that we are dealing not only with cold, hard statistical facts, but we are dealing with the feelings and the confidence of the people of the United States. Nobody can make me believe that a debt ceiling does not have some effect on spending. To be sure, a debt ceiling does not control the Appropriations Committees of the two bodies of the Congress, but it certainly has a distinct effect on spending by Government agencies. I have not had 10 years of service in the Congress without becoming more and more convinced of that.

I say that no matter what we may gain in the next month, insofar as financial advantage is concerned, which the Senator from Utah is so well able to expound, the loss will be greater if we take such action today. If the Senate will only pass 1, 2, or 3 measures to show the people of the country that we mean business so far as economy is concerned, the situation will be different. If we take care of the postal deficit, if we take care of some of the Hoover Commission recommendations as to reorganization plans, or if we get the ball rolling for fiscal stability, then we can do what is necessary to be done without such an adverse psychological impact, which I for one feel will be very serious.

Several Senators addressed the Chair.

Mr. COTTON. I yield to the distinguished Senator from Pennsylvania [Mr. MARTIN].

Mr. MARTIN, of Pennsylvania. Mr. President, I appreciate very much the extremely fine statement made by the distinguished Senator from New Hampshire. I know the Senator is a very strong believer in sound fiscal policies. The Senator will agree, I feel sure, that there is nothing better, insofar as keeping the United States in good financial order is concerned, than to have smaller appropriations.

I want to ask the distinguished Senator if the size of the appropriations is not a matter in the hands of the Congress itself?

Mr. COTTON. Of course, the amount we appropriate is a matter in the hands of the Congress, but I am sure the Senator's memory goes back, as does mine, to the time when Congress appropriated various moneys and the President of the United States impounded them and did not spend them. The executive departments usually spend every cent we appropriate, but they do not have to spend every cent.

I agree with the distinguished Senator that the debt limit has no direct relation to the acts of the appropriating machinery of the Congress; but it has a very definite relationship to the spending of money by the executive departments. I am not suggesting that we starve the executive departments. I am not suggesting that we refuse to give them our confidence, or allow them the necessary flexibility. I am suggesting that the timing is bad. We have waited since the first of January until nearly the end of February. I am suggesting that I should like to see the Congress first do something to reassure the people of our intention to economize, before taking the proposed action.

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator further yield?

Mr. COTTON. I gladly yield.

Mr. MARTIN of Pennsylvania. Does not the distinguished Senator feel that the statement made by the distinguished Senator from Utah [Mr. BENNETT] that we have already sold \$100 million worth of our free gold, and that it may be necessary to sell more of it in the very near future, will have such a disturbing effect on the American public that we shall have a more difficult time refinancing bonds as they become due?

Mr. COTTON. In answer to the Senator—and again I accept his judgment as being based upon much more experience in these matters than I have had—let me say that personally I do not question his statement about the sale of the free gold. I have not the slightest criticism of the Finance Committee, but gold was being sold while the Finance Committee had the bill before it for a month. I can understand the situation. However, I say honestly to my dear friend from Pennsylvania that when the people of the country pick up their newspapers tomorrow morning, I do not believe they will be half so much disturbed over the fact that some Member has stated on the floor of the Senate that we have sold some of our so-called free gold as they will be over the fact that we are raising the debt limit before doing a single one of the things we pledged ourselves to do toward economy. I think the people will be more disturbed over the fact that it has been stated on the floor of the Senate that the debt limit should be increased so that it cannot be used as an excuse to deny appropriations for new fields of spending during this year.

Mr. POTTER. Mr. President, will the Senator yield?

Mr. COTTON. I yield to the Senator from Michigan.

Mr. POTTER. The Senator may recall that last year or the previous year former Secretary of the Treasury Humphrey appealed to the Congress to increase the debt limit from \$275 billion to \$278 billion. If it had not been for the resistance of the senior Senator from Virginia [Mr. BYRD] and other members of the Finance Committee, an increase would probably have gone into effect at that time. The same arguments were made, as to the chaotic conditions which would result unless the debt limit were increased. It was not increased, and we did not have the chaotic conditions which were predicted.

Mr. COTTON. That is exactly true. All the same arguments were made.

I repeat that I have rather carefully studied the evidence and the hearings. All I can find is that it would be to the fiscal advantage of the Treasury manipulations to have greater flexibility. I have found nothing to the effect that there is a desperate situation which requires us to act on the pending proposal before we act on any of the measures looking toward economy.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. JAVITS. I appreciate the courtesy of my colleague from New Hampshire in yielding to me. I would not have interrupted my colleague except that I find my own views on the question of confidence diametrically opposed to his. I hope very much that he will comment on the question which I shall ask him.

I come from a great financial center, with which I am in very close touch. It is my deep conviction—and I shall address myself on the floor of the Senate to the bill when I have an opportunity to do so—that to fail to pass this measure today, and, instead, to adopt a motion to recommit the bill would be a shocking blow to the confidence of the people of the United States. I should like to give the Senator my reasons.

The people of the United States know that we are in an economic downturn, as well as a grave defense emergency. They want us to do something about it.

Before we can have bullets we must forge weapons. One of the weapons which we are informed by the administration itself is necessary is an increase in the debt ceiling. Therefore, it properly comes before we launch our offensive on the economic downcurrent, and on our position somewhat behind the Russians in missiles and rockets.

I have talked with a great many members of the financial community in New York, which is a pretty important community. If we fail to take the proposed action, we shall be guilty of causing the same thing that is happening in our economy generally.

I invite attention to the fact that our national income and our gross national product are at new all-time highs. The reason we are in an economic downturn is that industry has turned around in respect to its inventory position. For the third and fourth quarters of 1957 it was off by \$5,700 million.

When we come to replenish the United States inventory the only thing we have to deal with is money. With all due respect to my colleague, I think it would be a shocking blow to the confidence of the people of the country if we should fail to act when the administration urges us to act. Then I think it could be said that we were afraid of the economy and doubted the probity of the United States.

Mr. COTTON. I am very glad to receive the Senator's contribution.

It did not prove to be a shocking blow to the confidence of the people of the country when, upon a previous occasion, a request was before us to raise the debt ceiling and we delayed raising it. I am informed that the cash balance in the Treasury as of today is \$2.95 billion, or almost \$3 billion. That does not mean that the same situation will prevail next month, or the month after that.

Moreover, let me say to the Senator that I do not want him to understand that my motion is predicated entirely on what the general public may think of it. It is predicated not only on the psychology of the people, but on the psychology of the Congress. It is true that the President asked to have the debt ceiling raised; but it is also true that again and again the President has asked for various economies. We are too much like little Johnny. We are ready to eat the ice cream and let the spinach wait.

I want to see something definite accomplished, rather than merely talked about, in the matter of availing ourselves of our resources and practicing economy.

On the question of forging weapons and bullets, let me say to the distinguished Senator from New York that for several years I served on the Appropriations Committee in the other body. I am entirely convinced that, with the appropriations which the Defense Department now has, if it will get down to brass tacks and eliminate duplications, and spend the money it has wisely, we shall have no need to worry very much about the money to take care of our weapons. We do not get well faster by giving a bonus to the doctor, or calling in 3 or 4 additional doctors. We can recover only just so fast. Science cannot be expedited entirely by so-called crash programs. When I am told that we must raise the debt ceiling, not tomorrow or next day, but today, because of bullets and weapons, that argument leaves me completely cold.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. BENNETT. The Senator's argument is not nearly so convincing to me as this one—and I ask if my colleague does not agree with me:

The Secretary of the Treasury does not commit funds for expenditure for weapons, housing developments, or anything else. He has the responsibility of paying the bills when they are presented to him.

The bills which he must meet today represent obligations which were incurred months ago, or perhaps years ago. However, they become due today. Unless we give him some leeway in obtaining the money to meet the bills, it

seems to me that we are putting the pressure on the wrong man. The Secretary of the Treasury should be placed in such a position that when the bills from last year are presented, he can pay them. The effect of putting him in a straitjacket is to make it very difficult to operate, making it necessary to spread out the payment of the bills.

We are told that there is a cash balance today of something over \$2 billion. There are spread all over the country small amounts in each of many banks. Because the Secretary of the Treasury has no way of knowing what bills may be presented tomorrow, he may be entirely out of cash tomorrow.

The Senator and I could not operate our personal affairs that close to the limit. The United States has a debt of \$275 billion, and is spending approximately \$300 million a day. The Secretary is asking that he may be sure of having 10 or 12 days of expense money in the bank when the bills come due. That is the reason why I believe the job must be done at this time, and that it will not do any good to postpone action until next week, because the same situation will exist then, and the same uncertainty will exist then. I hope we can straighten out the situation now.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. COTTON. First I should like to reply to the question of the distinguished Senator from Utah. He asked me if I agreed that something should be done to enable the Treasury Department to meet its obligations in paying the debts contracted by the Government. Of course the answer is yes. However, Mr. President, the Secretary of the Treasury, so far as I can determine—and no one has pointed to a syllable which is contrary to what I have ascertained—has not said that that day has now been reached. I assume that the distinguished Senator from Utah recalls that the committee of which he is a distinguished member has had the debt ceiling bill under consideration for about a month. Hearings have been held, and every member of the committee—and all the members are very able members, and I am sure, are thoroughly conversant with the situation—believes that no further hearings are necessary. Therefore, should the bill raising the debt ceiling be re-committed, and the Secretary of the Treasury should pick up his telephone and call up the Committee on Finance and say, "The day has come when we need the ceiling raised, because the Government's word is no longer any good, and we must have action now," I am sure we will have action. However, I say that what is proposed to be done here is to put the cart before the horse. I am sorry that we are put in the position of voting on the pending bill before we have had an opportunity to vote on one single item of economy.

I wish to say further that within a few days after we take this action the view will be taken in certain quarters downtown—because the bureaucrats are still there—that our action is a good excuse for spending. It will be taken as a relaxing on the part of Congress

A committee on which I serve will report a bill enabling TVA to issue bonds. Why can we not start collecting some of the money we have invested in TVA? Why can we not begin liquidating some of our other obligations? Apparently we will not do that.

It is perfectly plain to me, although it has not been said, that one of the main reasons for passing the debt-raising bill at this time is to give leeway and latitude for operations in the nature of a pump-priming. So far as I am concerned, I want to say here and now that I am just as much opposed to the expenditure of money for pump-priming operations under a Republican administration as I ever was under a Democratic administration. That will lead us straight down to a controlled economy, to price controls and wage controls, and similar controls.

I shall not take much more time of the Senate. The reason I have made my motion is not that I have no confidence in the judgment of the members of the Committee on Finance, and it is not that I deny the things that have been said so well by the distinguished Senator from Utah [Mr. BENNETT]; I am merely suggesting that we wait at least a few weeks to see if Congress will not let the American people realize that before we pass this bill we will have at least have done thing—if it is only to take some action about the postal deficit—in the interest of solvency.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. CARLSON. The Senator from New Hampshire has referred to the financial condition of the Treasury on certain dates. He made a very fine statement in regard to the balances which are available, and the Senator from Utah [Mr. BENNETT] stated that those balances were scattered all over the United States. On December 31, 1957, our national debt was \$274.6 billion, which meant that the Secretary of the Treasury had a leeway of \$400 million. On January 27, 1958, the debt was \$274.5 billion. The Secretary of the Treasury had a leeway of half a billion dollars. I believe the Secretary testified that it had been even lower than that in January. The Secretary of the Treasury spends \$1½ billion every 5 days. He must meet the bills that come in. As the distinguished Senator from Utah has said, it is not the Secretary's fault. He wishes that he did not have to pay some of the bills, but he must pay them. The situation is so serious that I sincerely hope the bill will not be recommitted.

Mr. COTTON. Of course, when March 15 arrives and some money begins to flow back into the Treasury, the condition the Senator mentions will be changed, too. As one who has been fighting for months and years to do something to reduce the postal deficit, the Senator from Kansas will have an opportunity to act some time this week. Many of us will help him.

Mr. LAUSCHE. Mr. President, will the Senator yield for a brief statement?

Mr. COTTON. If the Senator wishes, I shall yield the floor in a minute, after

adding but one more sentence to what I have already said.

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from New Hampshire yield the floor?

Mr. LAUSCHE. I should like to ask the Senator from New Hampshire a question before he yields the floor.

Mr. COTTON. I yield to the Senator from Ohio.

Mr. LAUSCHE. There has been some discussion between the Senator from New Hampshire and the Senator from Utah about the impact on the Treasury Department unless the \$5 billion authorization is made so far as the debt limit is concerned, and it has been said that that impact would be fiscally adverse to the taxpayers. What would be the situation if the suggestion was made by the distinguished senior Senator from Virginia [Mr. BYRD] were adopted? He suggested that, instead of authorizing a \$5 billion increase, the increase be limited to \$3 billion at this time. My question is, Would not that obviate the losses which the Senator from New Hampshire feels will be suffered and which the Senator from Utah described as being inevitable?

Mr. COTTON. I would say to the Senator from Ohio that the answer is "Yes." The Senator from New Hampshire would be very happy to have the opportunity to vote for an amendment increasing the debt limit by \$3 billion instead of \$5 billion. However, the Senator from New Hampshire realizes and believes, though he does not expect that he will prevail, that the time element is far more important than the amount. If we are going to increase the debt ceiling, I am not terribly concerned whether we make it \$5 billion. The point is that he will have to raise the ceiling. Certainly some time soon it will be necessary to raise it anyway. I know this is beginning to look like a dog with a bone, and I have repeated myself so much that I am sure the Senate is tired of listening, but the point is that the motion to recommit is based purely on a question of timing; that we should wait and see if we cannot send out to the people of the United States the news that we have done something else before we have raised the debt ceiling and incurred more spending. I wish we could hold up the bill. I wish that during the 8 or 10 days or 2 weeks while we were holding it up we could see some of the Hoover reorganization bills acted on by the Senate.

I wish we could, at least, not be behind the procession. I wish that as the people look to us for the leadership which they have a right to expect, they could see that we are putting first things first. In my humble opinion, the first thing is honest-to-God, downright economy.

Mr. LAUSCHE. Mr. President, there has been some discussion this afternoon concerning the stability of our economic position in 1957 as compared with 1945. I shall point out the relative positions, fiscally, in 1940, 1945, and 1957.

In 1940, the gross national product was \$100 billion. The national debt was \$50 billion. That meant there was \$2 of

product for every \$1 of debt. I have chosen 1940 because that was the year preceding World War II.

An emergency developed. Unprecedented spending became necessary.

Then came the end of the war, and we found ourselves in this relative position: The gross national product was \$213 billion. The national debt was \$278 billion. The debt was greater than the national product.

In 1957, the gross national product was \$433 billion. The gross national debt was \$275 billion.

The point I make is that, financially, the country is substantially worse now than it was in 1940. In 1940, for every \$1 of debt there was \$2 of national product. In 1957, for every dollar of debt, there was about \$1.65 of national product. In 1957, for every dollar of debt, the gross national product should have been twice the debt, which would have been \$550 billion instead of \$433 billion to put that year in a position comparable to 1940.

It is essential that we take into consideration the fact that an emergency spending program had to be initiated to cope with the problems of World War II. It should have been anticipated that following that war, the debt would have been paid off. That should have been done so that now there would be some fat upon which to draw, not only to meet the world threat, but also to meet the recession from which we are suffering. Let us not lull ourselves into security by thinking that because the gross national product is \$433 billion we are better off than we were in 1940.

A word about the wisdom of having a debt limitation imposed upon the administration. In my judgment, the fact that there is a limit to the incurring of debt acts as a dissuading influence, not only upon the administration, but also upon Congress. If it does not, it should. If it does not, the evil of the situation lies upon the shoulders of those who occupy positions in Congress and in the administration.

In Ohio, debt cannot be incurred without the approval of the people. The experience has been that the law has worked wonderfully well. Industry is moving into Ohio. Ohio is in an excellent fiscal position. If there had not been a limitation upon the debt, I am quite certain that Ohio would not today occupy the economic position it does.

I shall not vote for the motion of the Senator from New Hampshire [Mr. COTTON], but I contemplate offering an amendment to conform with the judgment expressed by the senior Senator from Virginia [Mr. BYRD]. I have confidence in his knowledge of the facts, and I have confidence in his judgment.

May I ask the Senator from Virginia if it is not a fact that there were five votes in the committee in support of the proposal to authorize the raising of the debt limit by \$3 billion.

Mr. BYRD. The Senator from Ohio is correct. There were 10 votes for increasing the debt limit by \$5 billion; there were 5 votes for increasing it by \$3 billion.

Mr. President, the distinguished Senator from Pennsylvania [Mr. MARTIN], called attention to the fact that the report on the bill was made by the Senator from Virginia. That is correct, I submitted the report as chairman of the Committee on Finance. The report represents the action by the committee. But the Senator from Pennsylvania was not, I think, in the Chamber when I stated I did not favor the \$5 billion increase in the committee, and that I would favor a \$3 billion increase.

I shall not vote to recommit the bill to the committee, because I am the chairman of the committee, and for the committee I reported the bill. But I shall vote for the amendment which the Senator from Ohio [Mr. LAUSCHE] intends to offer to reduce the amount from \$5 billion to \$3 billion.

When in the committee I submitted my amendment for a \$3 billion increase, I made a calculation, which I asked the Treasury either to confirm or deny. The calculation involved the use of the free gold held by the Treasury.

The Treasury Department estimated income from the use of this gold would be \$500 million.

When Mr. Humphrey became Secretary of the Treasury there was \$1 billion of this so-called free gold. He sold \$500 million of it.

It is now contemplated that the remainder of the gold will be used. The Secretary of the Treasury says there is no objection to this action.

I am very frank to say that in the Committee on Finance there was a difference of opinion as to whether the budget estimates of revenue will be accurate. The Treasury Department, for example, estimated there would be an increase in individual income taxes of approximately \$1,300,000,000 in the next fiscal year, as compared with the amount received in the last fiscal year.

The corporation income taxes were estimated at about the same amount as last year. The excise taxes were estimated to increase \$382 million—making a total increase in the revenue for the next fiscal year, as compared to that of this fiscal year, of more than \$1.6 billion. Upon that point was focused the attention of the committee.

I am confident—and I believe the other members of the committee who are now on the floor of the Senate will agree with me—that if the committee had been unanimous in the belief that the budget estimates would hold up, the committee would not have supported the proposed \$5 billion increase. But there was a difference of opinion.

However, the Treasury still stands on these estimates of revenue. Sitting next to me is a representative of the Treasury; and the Treasury still says the estimates stand unchanged.

I felt that as a Senator, I could base my conclusions only upon information furnished by the Treasury Department as of the date when the committee acted. My calculation is set forth on page 21 of the report, if Senators desire to examine it. It will show that by authorizing an additional \$3 billion in the debt limit and by using the free gold in the amount

of \$500 million, there would be substantial leeway throughout the 2 years involved. For example, on March 31 there would be \$11,600,000,000; on April 15, \$10 billion; and so forth. The lowest amount which would be available as leeway throughout the remainder of this fiscal year and next would be approximately \$5 billion, and it would reach a high point of approximately \$12 billion.

I respect the opinion of the members of the Senate Finance Committee who voted against my amendment offered in committee to authorize a \$3 billion increase instead of the proposed \$5 billion increase. They were convinced—as they will state, no doubt—that the estimates of revenue are too high.

I wish to say a word about the value of a tight debt limit. Members of the Senate will recall that when Mr. Humphrey became Secretary of the Treasury—and he is one of the ablest men with whom I have ever come in contact—the House passed a measure permanently increasing the debt limit from \$275 billion to \$290 billion—a \$15 billion increase.

That proposal came to the Senate, and was referred to the Senate Finance Committee. After careful consideration—although Mr. Humphrey testified that unless that increase in the debt limit were authorized, there would be a panic, and the Government could not pay its bills—the Senate Finance Committee completely rejected the recommendation for a \$15 billion increase; and for 1 year the Treasury operated on the basis of the then existing debt limit of \$275 billion. Then Mr. Humphrey, the following year, requested a \$9 billion increase, and a \$6 billion increase was granted, for 1 year. This was continued for another year. Last year the temporary increase was \$3 billion, and this expired last June 30. At that time, neither Mr. Humphrey nor Mr. Anderson requested an increase in the debt limit.

Mr. President, ordinarily the debt limit would not be of such great importance; but at the present time we have a debt of \$275 billion, and we cannot continue to pile deficit upon deficit. The debt limit is certainly a restraining influence upon the executive agencies of the Government, and even upon the Congress itself.

I believe we recognize that Congress has virtually lost control of the finances of the Government. Last year the Congress reduced the appropriations by more than \$5 billion; yet the expenditure estimates as fixed by the executive branch of the Government, were increased \$200 million more even before the first sputnik. That shows that the reductions made by the Congress in the appropriations are not always translated into expenditure reductions. Unexpended balances are used.

The unexpended balances now amount to approximately \$70 billion. So the Congress could continue to reduce the appropriations for some years to come—in fact, for a good many years to come—but still there would be unexpended balances which could be used.

For that reason, Mr. President, I offered the amendment.

Although this debt ceiling will be a fairly tight one—and Mr. Anderson has agreed that there should be a tight debt ceiling; and the Director of the Bureau of the Budget has testified that he believed a tight debt ceiling would be advisable—I am convinced that unless there is a great error in these estimates of revenue which the Treasury says as of today are correct; the Treasury does not refer to the situation as of last November, but refers to the situation as of today—a \$3 billion increase in the debt ceiling will be adequate, and will serve as a deterrent to unnecessary spending.

For that reason, Mr. President, I offered the amendment in the committee. The committee gave it the fullest consideration. I have the greatest confidence in the members of the Senate Finance Committee. They do their duty in a way that appears to them to be right and proper, and I have no criticism.

But I still believe that if Senators will examine page 21 of the hearings—and the figures set forth have not been challenged by the Treasury—and if Senators will study the figures as to the leeway, there will be no question regarding the point I have made.

Mr. SALTONSTALL. Mr. President, will the Senator from Virginia yield to me?

Mr. BYRD. I yield.

Mr. SALTONSTALL. Will the Senator from Virginia explain further about the \$500 million of unused gold surplus which he says should not be in the Treasury?

Mr. BYRD. I do not think that there is any objection to it. It has been there for years.

Mr. SALTONSTALL. Does the Senator from Virginia mean it is simply a cash balance?

Mr. BYRD. No; it is actually gold, but it might be regarded as a Treasury asset. The gold can be used by the Treasury Department whenever it desires and the proceeds can be added to the cash balances which are available.

Mr. SALTONSTALL. In other words, the \$500 million in gold is simply kept in the Treasury, and is not considered in connection with the question of whether there should be an increase in the debt limit; is that correct?

Mr. BYRD. No; it is gold which can be exchanged for cash, through the Federal Reserve; \$100 million of it was used the other day, so the remainder is now actually \$400 million.

I do not say it is undesirable to have it there; but I say there is no necessity to hold this gold, which is entirely separate from the other gold.

Mr. SALTONSTALL. In other words, it should be used, should it?

Mr. BYRD. My point is that by using the gold, we would avoid paying interest on money which otherwise would have to be borrowed. Neither Mr. Humphrey nor Mr. Anderson made any objection to using the gold.

Mr. BARRETT. Mr. President, will the Senator from Virginia yield to me?

Mr. BYRD. I yield.

Mr. BARRETT. I am somewhat impressed by the Senator's argument about the \$3 billion. But upon looking over his own figures, it seems to me we would not need the \$400 million which could be obtained by selling the gold.

Mr. BYRD. It would simply be discretionary. The Secretary of the Treasury would not have to use the gold if it was not required.

Mr. BARRETT. The Secretary of the Treasury has such authority at the present time, does he?

Mr. BYRD. Yes.

Mr. BARRETT. So the Senator from Virginia did not mean to include in the amendment a provision in regard to the \$400 million of gold, did he?

Mr. BYRD. Oh, no. The fact is that the Secretary of the Treasury has such authority today.

Mr. BARRETT. I thank the Senator from Virginia; I think that is much better.

Mr. KERR. Mr. President, I appreciate what the distinguished chairman of the Finance Committee has said. As I understood him, he said he would not vote to have the bill recommitted.

The Finance Committee had the bill for nearly a month. The committee held hearings on the bill, which were about as extensive as any which have been held on a bill of comparable merit and importance since I have been a member of the committee.

In the committee, we had extended hearings and extended discussions, following which the bill was voted to be reported to the Senate in the form in which it had been passed by the House of Representatives. That was ordered on the basis of a vote of 10 to 5 in the committee.

The bill was reported to the Senate in exactly the form in which it was sent to the Congress by the distinguished Secretary of the Treasury, Mr. Anderson. In my judgment, he made a complete justification for the bill.

I did not feel that his predecessor had made a justification for the very large increase he requested in the public debt limit immediately upon his taking that office. I think the present Secretary of the Treasury has demonstrated in many ways his very fine ability to handle the job.

An argument which he made to the committee which was especially impressive upon me was that this additional leeway in the national debt limit would enable the Secretary of the Treasury to save the Treasury of the United States substantial sums of money in the form of interest on the public debt.

Many had become aware that as of about the end of last November money had become so tight and credit so difficult and interest rates so high that the Treasury was selling its 90-day bills at the rate of nearly $3\frac{3}{4}$ percent—almost like attaching a 4 percent coupon.

I congratulate the present Secretary of the Treasury for what I believe to be his leadership in bringing about a sufficient change in the fiscal policies controlling our debt management and monetary control program that, in a period of 90 days, he had been able to secure a rate of less than 1.60 on 90-day bills.

I do not know yet what the Treasury had to pay on the bills it sold today, but I am sure it was well under the very high figure it reached at its peak. In my judgment, Mr. Anderson made a complete justification for the increase in the debt limit on the basis of what the Government can save in the way of interest charged on the public debt.

I am not one who has made overly zealous effort to find a basis for agreement with the policies of the present administration, but I certainly felt the Secretary of the Treasury made a justification for his position. I remind Senators that, in my judgment, he was laboring under very difficult circumstances. He was in the posture of there being before the Finance Committee a forecast that there would be a \$500 million surplus in fiscal 1959. I do not think there will be a \$500 million surplus in fiscal 1959. I do not think there is a Senator on this floor who believes that there will be a surplus of \$100 million in fiscal 1959.

The distinguished chairman of the committee took the position that he was justified in accepting the forecast of the President of the United States. I have the greatest respect for him in reaching that conclusion, but my observations of the fiscal forecasts of the President of the United States have not enabled me to reach a similar conclusion. I remind Senators that in the fiscal forecasts was one that there would be approximately \$2 billion additional or increased revenue in fiscal 1959 over fiscal 1958. I would have to be far more optimistic in the expectation of an economic upturn than even has been the President of the United States to feel justified in forecasting a \$2 billion increase in revenues in fiscal 1959 over fiscal 1958. I do not think there is a Senator on this floor who thinks that fiscal 1959 will show a \$100 million increase over fiscal 1958. In order to reach that fiscal forecast, the President in his budget message assumed Congress will reduce its nondefense expenditures approximately \$2 billion in fiscal 1959 as compared with fiscal 1958. In order for that to become reality, it will have to be done by the Members of this body, the Members of the House of Representatives concurring. I do not believe the Congress is going to reduce nondefense expenditures by \$2 billion in fiscal 1959 as compared with fiscal 1958.

If Senators will permit me to indulge in a forecast on an assumption which I believe to be justified and valid, it is that there will be no increase in revenues in fiscal 1959, and that there will be no substantial decrease, if any, in nondefense appropriations in fiscal 1959 as compared with fiscal 1958.

If Senators will join me in that conclusion, then they can understand that there is, in addition to the considerations on which the Secretary of the Treasury felt justified in asking for a \$5-billion increase, an additional \$4-billion justification for his request, because the request was based on the assumption that there would be \$2 billion more money in revenue and that there would be \$2 billion less money spent. If Senators will agree that the Treasury will collect no more money and that we shall not spend less, then they can under-

stand why the Finance Committee, even without the concurrence of our distinguished chairman, for whom we have the greatest respect and affection, brought to this floor the bill as it had been passed by the House and as it had been urged by the administration.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KERR. I am glad to yield to the Senator from Louisiana.

Mr. LONG. I wonder if the Senator agrees with me that all we would accomplish by turning down the administration's request at this time would be to put pressure on the administration to cut down defense expenditures at a time when there is no good reason to cut down such expenditures, and put pressure on the administration to reduce expenditures for roads, flood control, and navigation, at a time when there is no good reason for cutting down such expenditures.

Mr. KERR. I think the Senator is eminently correct. In addition, I further point out that the Secretary of the Treasury is, in my judgment, trying to do everything he can to bring down interest rates on the public debt.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. KERR. I yield to the Senator from New York.

Mr. JAVITS. I do not know whether the Senator was in the Chamber when I engaged in the colloquy with my friend from New Hampshire on the matter of confidence. It is my view that failure to increase the debt limit would be a blow to confidence on the part of those in the country who think we must act. Therefore, favorable action on the bill would be one added reason for having confidence in the determination of the Government to do what was needed, both in respect of defense and economics, which is the concrete basis for anything else we want to do. I would deeply appreciate the Senator's view on that question.

Mr. KERR. Mr. President, I think that a realistic appraisal of the situation will convince Senators that if we are to make an effort in terms of similar appropriations for fiscal 1959 to those which prevailed in fiscal 1958, and if we are to provide increased appropriations for defense, in accordance with what I believe to be the conviction of Senators as to our necessities, we must be aware that with the same amount of tax collections as we now have coming into the Treasury we are going to require greater leeway in the amount of permissible public debt. Certainly I think the people of the country will regard our action with more respect and greater confidence, and as being more consistent with what we recognize to be our necessities, if we go about our business and pass the bill as it was reported to the Senate. We should not go through with what I believe to be actions which in my judgment would not be effective, because I think we would only postpone an action which all considerations persuade us needs to be taken and taken now.

Mr. JAVITS. I thank the Senator.

If the Senator will yield for one further point, I deeply appreciate the Senator's comment, and I desire to state that

I have had the figures checked in regard to what really counts with a businessman. I know the Senator is a distinguished businessman himself. I refer to figures stating what we owe compared with what we have.

It appears that in 1946 the relationship of our national debt to our gross national product, or our national income, or whatever one wishes to call it, was roughly 124 percent, as compared with a standard today of just half that, or roughly 66 percent. In short, we have twice as much availability of coverage for our debt today as we had in 1946.

I deeply appreciate the Senator's comments, and I should like to ask the Senator to comment as to what those figures mean in terms of our capability to meet the exigencies now, and our willingness to meet them.

Mr. KERR. I was interested in the remark of the distinguished Senator from Ohio [Mr. LAUSCHE], who I believe either misstated his conclusion, or arrived at an erroneous conclusion, when he said that our dollars of debt as of today as compared to our national product are in an unfavorable relationship as compared to 1946.

Mr. LAUSCHE. Nineteen hundred and forty.

Mr. KERR. And 1946. I believe the Senator referred to that year. I am quite certain that the Senator, if he will refer to his remarks, will find he referred to the national product and national debt in 1940, the national product and national debt in 1945, and the national product and national debt in 1957, and in each instance he gave the figures on the national debt and the gross national product.

Mr. LAUSCHE. That is correct, yes. In 1940 for every \$2 of national product we had a dollar of debt.

Mr. KERR. I wonder if the Senator means national income, or gross national product.

Mr. LAUSCHE. Gross national product is what I said.

Mr. KERR. There is some difference, as I am sure the Senator is aware.

Mr. LAUSCHE. Yes. The figures which I gave were given to me by the Assistant to the Secretary of the Treasury.

Mr. KERR. But they were given to the Senator as figures on national debt and gross national product.

Mr. LAUSCHE. Yes, gross national product.

Mr. KERR. Gross national product, yes.

Mr. LAUSCHE. That is the figure I used.

Mr. KERR. Correct. However, I thought the Senator identified the figures as the national debt and the national income in his statement.

Mr. LAUSCHE. No; I said gross national product.

Mr. KERR. Then I misunderstood the Senator.

Mr. LAUSCHE. May I repeat? The figures which I gave were those which were given to me by the Assistant to the Secretary of the Treasury, and they show that as of 1940 we had \$1 of gross national product for every dollar of debt.

Mr. KERR. What were the figures in 1946?

Mr. LAUSCHE. I can give the Senator the figures.

Mr. KERR. In 1946 I believe the national debt—

Mr. LAUSCHE. I will give the Senator the figures. In 1940 there was a gross national product of \$100 million—

Mr. KERR. One hundred billion?

Mr. LAUSCHE. The gross national product was \$100 billion. The national debt was \$50 billion. Therefore, for every dollar of national debt we had \$2 of gross national product.

In 1945 the gross national product was \$213 billion and the national debt was \$278 billion. We had less gross national product than we had national debt in that year.

Mr. KERR. Will the Senator give the figures again?

Mr. LAUSCHE. In 1945 the gross national product was \$213 billion as compared to \$278 billion in national debt. In 1957 the gross national product was \$433 billion, as compared to \$275 billion of national debt.

The point I desired to make was that to have been in equal strength fiscally in 1957, compared to the fiscal strength in 1940, our gross national product should have been \$550 billion as compared to \$275 billion of national debt. However, instead of having a gross national product of \$550 billion, we had a gross national product of only \$433 billion. The proportion was \$1.65 of gross national product for every dollar of national debt. In 1940 the comparison was \$2 of gross national product for every dollar of national debt.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. KERR. I wish to answer the other question first.

I will say to my good friend the Senator from Ohio that we are aware of the fact that 1945 was a year in the midst of a war.

I must say, as has been suggested by the Senator from New York [Mr. JAVITS], that the Senator from Oklahoma takes a great deal of comfort in the knowledge that so improved is our economy today and so dynamic has been its progress that although our gross national product of 1945 was less than our national debt, as of 1957 the situation has improved to the point where the relationship is four-hundred-and-thirty-billion-odd dollars of gross national product compared to \$275 billion of national debt.

I agree with the Senator from New York that such a relationship is ample justification for the great confidence of all Americans in the dynamics of our economy.

I am not one who believes that we are within three or five billion dollars of the limit of what we are able to provide. I believe one of the most vociferous charges made against our country by the men in the Kremlin has been that the United States, with its system of capitalism, cannot afford to pay for its national defense requirements and at the same time spend the money necessary for the development of its natural resources and the progress of its economy.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. KERR. I am one who believes that we are amply able to finance the required defense of our country, and at the same time develop our natural resources and move forward in a steadily improving and increasing tempo of progress and growth.

I now yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I read in the newspapers, last December that the Treasury was running out of funds, and that it had FNMA borrow some money on its own account, which ultimately cost the Federal Government more in interest rates than would have been the case if the Treasury had borrowed direct. But the Treasury could not borrow direct, because it had reached the debt limit, so it had some of the outside agencies borrow, and in that way we were able to keep going in respect to our cash position, and pay our bills. Is that true?

Mr. KERR. That is true.

Mr. SALTONSTALL. So, if we increase the debt limit by \$5 billion, we shall, in the opinion of the majority of the members of the Finance Committee, based upon the knowledge they have, allow a little leeway, so that the Treasury can borrow funds next November or December, if it is necessary to do so. It does not have to use all the debt limit. We must rely on the Secretary of the Treasury not to use it if he does not need it.

Mr. KERR. I do not believe the present Secretary of the Treasury would use the authority unless he had to do so.

Mr. SALTONSTALL. I would expect him not to do so.

Mr. KERR. My confidence in him is such that I think he was sincere in telling us what he needed to meet his requirements, and to enable him to make a saving in interest on the public debt.

As I understand, as of last Monday Treasury bills brought 1.73. I believe that before the end of the week they were selling on the basis of 1.21. When we remember that only 3 months ago the Treasury Department was having to pay 3.76, we become aware of the really substantial sums the Secretary could save in interest on the public debt. When he tells us that he needs this additional leeway to enable him to handle his refinancing and his commitments in connection with the tremendous load of debt, it seems to me the least we should do would be to give him such authority, believing, first, that he needs it, and second, that he will not abuse the authority if we give it to him.

Mr. SALTONSTALL. My purpose in asking the question was to try to clarify in my own mind the situation as I understood it last December. The same situation might occur again next December, if we limit to too great an extent the direct borrowing by the Treasury, which presumably can be done at a lower rate than borrowing by some Government corporation. It is wiser to give additional leeway to the Secretary of the Treasury, rather than to force him to have some other Government agency

borrow the money at higher interest rates, in order to keep the cash balance in the Treasury in a satisfactory condition.

Mr. KERR. In order to avoid exceeding the statutory limit.

Mr. SALTONSTALL. That is what I meant.

Mr. KERR. I remind the distinguished Senator that our grant to the Secretary of this additional authority would not, of itself, prevent the sale of additional securities by FNMA.

Mr. SALTONSTALL. I understand that.

Mr. KERR. However, in my judgment, the only way FNMA could obtain funds at the time to which the Senator has referred was by selling its own securities at a higher rate of interest, because the debt ceiling then in effect was such that the Secretary of the Treasury could not furnish money to FNMA out of his own revenues and meet his other obligations.

Mr. SALTONSTALL. Ultimately the Government was forced to pay one percent interest more than would have been necessary if the money had been borrowed directly through the Treasury.

Mr. KERR. The Senator is correct.

So far as I know the \$500 million in free gold which the present Secretary had when he went into office was all the free gold the Treasury of the United States had. It seems to me that I detected quite a note of discouragement in his voice when he responded to the questions asked him at the meeting of the Finance Committee, as to whether or not he could sell that \$500 million of free gold. Yes; he could. However, the Senator from Oklahoma hopes that the Secretary will not wake up some morning and find that he can pay the obligations of the United States Treasury, entered into in good faith with its citizens, and due for payment, only by selling the last ounce of free gold owned by the Treasury of the United States.

I hope the Congress will not place the Secretary in such unhappy circumstances.

Mr. KNOWLAND. Mr. President, I wish to speak for only a moment in support of the report of the Senate Committee on Finance.

That report represents the position of the President of the United States, and the position of the Secretary of the Treasury. I know, from personal conversations with the Secretary of the Treasury, that he feels that this bill, which passed the House of Representatives by an overwhelming vote, and has been reported by a 2 to 1 vote from the Senate Committee on Finance, is essential to the proper fiscal management of the Government of the United States. This is the administration's position; and for the reasons which have been stated in the committee report and on the floor, I hope the motion to recommit will be defeated, and that the bill as reported by the Finance Committee will be passed by the Senate.

Mr. JAVITS. Mr. President, I shall take only a moment of the time of the Senate.

I have previously made the point that I think the defeat of the motion to recommit, and the enactment of the bill, are essential to confidence. I come from a great center of trade and commerce. It is my deep conviction that our economic downturn is the result of the hesitancy of confidence on the part of those who are largely responsible for management decisions in our country.

That is pointed out by today's figures, which show that today's downturn is really an inventory phenomenon.

I believe that the proposed action represents an expression of confidence by

the United States Congress in our country. I believe the most important figures before us today—and the only reason for taking the time of the Senate now is to place them in the RECORD—are figures representing a comparison between the debt and what we had in terms of productive capacity.

I ask unanimous consent to have printed in the RECORD at this point as part of my remarks a table entitled, "Trends in Gross Public and Private Debt, 1946-56."

There being no objection, the table was ordered to be printed in the RECORD, as follows:

APPENDIX B.—Trends in gross public and private debt, 1946-56

[Dollar amounts in billions]

	Debt outstanding			Gross national product during calendar year	Debt outstanding as a percent of gross national product		
	Federal ¹	Private and State and local	Total		Federal ¹	Private and State and local	Total
Dec. 31, 1946.....	\$259.5	\$187.1	\$446.6	\$209.2	124.0	89.4	213.5
Dec. 31, 1947.....	257.0	217.0	474.0	232.2	110.7	93.5	204.1
Dec. 31, 1948.....	252.9	242.5	495.4	257.3	98.3	94.2	192.5
Dec. 31, 1949.....	257.2	256.3	513.5	257.3	100.0	99.6	199.6
Dec. 31, 1950.....	256.7	302.5	559.2	285.1	90.0	106.1	196.1
Dec. 31, 1951.....	259.5	339.6	599.1	328.2	79.1	103.5	182.5
Dec. 31, 1952.....	267.4	369.6	637.0	345.4	77.4	107.0	184.4
Dec. 31, 1953.....	275.2	397.9	673.1	363.2	75.8	109.6	185.3
Dec. 31, 1954.....	278.8	416.2	695.0	361.2	77.2	115.2	192.4
Dec. 31, 1955.....	280.8	469.3	750.1	391.7	71.7	119.8	191.5
Dec. 31, 1956.....	276.7	506.8	783.5	414.7	66.7	122.2	188.9

¹ Gross public debt and guaranteed issues.

Source: Office of the Secretary of the Treasury, Nov. 7, 1957.

Mr. JAVITS. The figures show that from 1946 to 1956, the percentage which our Federal debt bore to our gross national product was reduced by approximately 50 percent—from 124 percent to 66.7 percent. Incidentally, the figure I have mentioned is the lowest since the end of World War II.

I point out that in 1949, when we had, roughly, the same number of unemployed, a little more than 4 million, the percentage of national debt as compared to gross national product was exactly 100, whereas today it has been reduced by one-third.

There is one further consideration which I think is important, and that is that the percentage which the overall debt of the entire country—Federal, State, local, and private—bears to the gross national product of the country is very close to its postwar low. It stands at 188.9 percent. The only time it was lower was in 1951, when it was 182 percent.

It seems to me that this move demonstrates the strong financial position of the United States, and the fact that the Congress of the United States can today submit to a vote of confidence in the country, just as it is asking our citizens everywhere to vindicate our confidence in the economy.

Mr. KERR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KERR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the motion to recommit made by the Senator from New Hampshire [Mr. COTTON]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from North Carolina [Mr. SCOTT] are absent on official business.

The Senator from Florida [Mr. HOLLAND] is absent by leave of the Senate.

I further announce that if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Florida [Mr. HOLLAND], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from North Carolina [Mr. SCOTT] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent on official business.

The Senator from Maryland [Mr. BUTLER] and the Senator from New Jersey [Mr. SMITH] are necessarily absent.

The Senator from Vermont [Mr. FLANDERS] is absent on official business for the Committee on Armed Services.

If present and voting, the Senator from Maryland [Mr. BUTLER], the Senator from Vermont [Mr. FLANDERS], and the Senator from New Jersey [Mr. SMITH] would each vote "nay."

The result was announced—yeas 12, nays 74, as follows:

YEAS—12

Cotton	Langer	Potter
Goldwater	Malone	Russell
Hruska	McClellan	Talmadge
Jenner	McNamara	Thurmond

NAYS—74

Aiken	Frear	Morse
Allott	Fulbright	Morton
Barrett	Gore	Mundt
Beall	Green	Murray
Bennett	Hayden	Neuberger
Bible	Hennings	Pastore
Bricker	Hickenlooper	Payne
Bush	Hill	Proxmire
Byrd	Hoblitell	Purtell
Capehart	Humphrey	Revercomb
Carlson	Ives	Robertson
Carroll	Jackson	Saltonstall
Case, N. J.	Javits	Schoeppel
Case, S. Dak.	Johnson, Tex.	Smathers
Chavez	Kefauver	Smith, Maine
Church	Kerr	Sparkman
Clark	Knowland	Stennis
Cooper	Kuchel	Symington
Curtis	Lausche	Thye
Dirksen	Long	Watkins
Douglas	Magnuson	Wiley
Dworshak	Mansfield	Williams
Eastland	Martin, Iowa	Yarborough
Ellender	Martin, Pa.	Young
Ervin	Monroney	

NOT VOTING—10

Anderson	Holland	Scott
Bridges	Johnston, S. C.	Smith, N. J.
Butler	Kennedy	
Flanders	O'Mahoney	

So the motion to recommit was rejected.

Mr. LAUSCHE. Mr. President, I offer an amendment to H. R. 9955, on page 1, line 7, to strike out "\$5,000,000,000" and insert in lieu thereof "\$3,000,000,000."

On this amendment, I ask for the yeas and nays.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 1, line 7, it is proposed to strike out "\$5,000,000,000" and insert in lieu thereof "\$3,000,000,000."

The PRESIDING OFFICER. On this amendment, the yeas and nays have been requested. Is there a sufficient second?

The yeas and nays were not ordered.

Mr. MONRONEY obtained the floor.

Mr. LAUSCHE. Mr. President, may we have another show of hands on my request for the yeas and nays on my amendment?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield for that purpose?

Mr. MONRONEY. I shall be happy to yield to my distinguished colleague for such a request, if it is within the rules to ask for the yeas and nays again.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Ohio? The Chair hears none. On the second request of the Senator from Ohio for the yeas and nays, is there a sufficient second?

The yeas and nays were ordered.

PROPOSED INTERNATIONAL DEVELOPMENT ASSOCIATION

Mr. MONRONEY. Mr. President, I submit for appropriate reference a resolution, and I ask unanimous consent that it may be printed at this point in the RECORD.

There being no objection, the resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Resolved, That, recognizing the desirability of promoting a greater degree of international development by means of multilateral loans based on sound economic principles, rather than a system of unilateral grants or loans, it is the sense of the Senate that consideration should be given to the establishment of an International Development Association, in cooperation with the International Bank for Reconstruction and Development.

In order to achieve greater international trade, development, and economic well-being, such an agency should promote the following objectives:

1. Provide long-term loans available at a low rate of interest and repayable in local currencies to supplement World Bank loans and thereby permit the prompt completion of worthwhile development projects which could not otherwise go forward.

2. Permit maximum use of foreign currencies available to the United States through the sale of agricultural surpluses and through other programs by devoting a portion of these currencies to such loans.

3. Insure that funds necessary for international economic development can be made available by a process which eliminates any possible implications of interference with national sovereignty.

It is further the sense of the Senate that as a part of the United States economic aid program funds be subscribed to the capital stock of the International Development Association in cooperation with investments made by other participating countries.

Mr. MONRONEY. Mr. President, the resolution I have submitted would put the Senate on record as favoring a greater degree of international development by means of multilateral loans based on sound economic principles, rather than on a system of unilateral grants or loans. In this regard, it recommends that consideration be given to the establishment of an International Development Association, in cooperation with the International Bank for Reconstruction and Development.

In my judgment the United States must avoid the folly of rigid fixation on policies once valid but no longer effective. The world is not a static, unchanging picture. It is more like a growing family, with maturing and improving standards of knowledge and economic status, and with members desirous of achieving a rising standard of living through economic independence.

New challenges, such as those of Russia in the international development arena, should be met with better ideas, ideals, and plans.

If we insist on retreading badly worn Democratic tires, good in their day, but now worn down to the fabric, our foreign-aid program will be broken down while the world passes us by. A continuation of propaganda-inspired growing antagonisms, summed up in such disrespectful tags as Uncle Sugar, Uncle Shy-

lock, and even Uncle Sap, must cease. But they will not be stopped by recalcitrant attitudes of a barren, holier-than-thou, false morality.

The Russians have started an intense economic offensive by offering loans for development purposes that are a better deal than ours. We can best meet this challenge by taking a lead in creating an international program of multilateral loans for economic development, mixing dollars and foreign local currencies.

The United States took the lead in helping to establish the International Bank for Reconstruction and Development, which has financed the construction of many worthwhile development projects. However, the World Bank cannot, over the 20-year term required by it, make project loans which might be good, but would be impossible of repayment in dollars or other hard currencies. Therein lies our opportunity.

Nor can we rely on unilateral grants and gifts to promote the risky but valuable projects. Times have changed. The free and uncommitted nations of the world now want progress on a basis of self-respect and equality. There is no longer any place for anything that even implies a handout.

We need to help set up a system of multilateral loans which can be made on a completely self-respecting basis. We must eliminate as quickly as possible the type of aid which, despite our honest intention, has been the subject of Communist propaganda which labels it not only as a charity program, but also as Uncle Sam's efforts to subvert the recipient nations. These untrue allegations that our aid implies a superior-inferior relationship with the receiving countries, have, in many cases, helped to destroy the leaders of governments friendly to us.

My resolution urges consideration of the establishment of an International Development Association to work in cooperation with the International Bank for Reconstruction and Development. Such an institution should probably have its capital stock subscribed from hard currencies of the United States and other participating countries, so as to give it a dollar and hard currency base. It should also have the use of local currencies, including a large portion of those which this Nation has accumulated from its large-scale disposal of agricultural surpluses.

Thus, much of the usable capital of the IDA would come local currencies which are now frozen and of little or no use to any country. There may be some residual funds from the Marshall Plan aid program which would also be available. The foreign aid dollar, already appropriated and spent, might well be recycled, for use again in world economic development. The IDA would give a greater flexibility to the use of foreign currencies and would promote international trade.

For example, one of the world's troubled spots is in the relationship between India and Pakistan. At the root of this dispute is far more than Kashmir. The struggle is for the use of the waters of the six-river watershed that originate

in India and Tibet and flow through Pakistan.

Should India alone develop the waters of this great river system, Pakistan will perish through loss of water indispensable to its economy.

For a year or more, engineers of both Pakistan and India have worked together in trying to arrive at a joint plan for a huge TVA type of development for this section of Asia. The program probably would cost \$400 million. Under the World Bank rules—requiring repayment in 20 years' time, at 4 percent interest, in hard currencies—this is not a bankable loan.

Under the plan of the International Development Association, however, the plan could be financed with safety and with tremendous good for the development of two friendly nations whose disagreements now threaten trouble or perhaps even war in the Far East.

As a second-mortgage operation, the International Development Association could take perhaps 50 percent of the \$400 million loan, subordinating its loan to the first claim of the World Bank. The loan could be made for 40 years, at 2 percent interest, to be repaid, not in dollars or hard currencies, but in local currencies of India and Pakistan.

In designating the dam, for example, the IDA could loan engineering funds in German deutschmarks. For earth-moving equipment, it could provide funds in French francs, with certain dollar or hard-currency additions. Cement could come from some 10 countries, and could be purchased in large part with local currencies, with only 10 or 20 percent in dollars. Thus, with a world-wide shopping list and a vault filled with many local currencies, for the first time wise banking administration could make full use of local currencies, including those accumulating from the sale of our agricultural surpluses.

Undoubtedly other members of the World Bank also could contribute local currencies which they have on hand, thus making flexible and judicious use of many frozen assets.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield to me?

Mr. MONRONEY. I am happy to yield to my distinguished colleague, the Senator from Tennessee.

Mr. GORE. To what beneficial use—unless it be in some international development program—is the United States to put the enormous quantities of foreign currencies now within its call?

Mr. MONRONEY. I am very glad the Senator from Tennessee has asked that question, because we have seen such currencies pile up until now they have reached a total of nearly \$2,500,000,000. We are lending some of these local currencies back to the countries which buy our surplus agricultural commodities. However, as the Senator from Tennessee found last year when he was in Burma, they are loath and unwilling to accept a unilateral loan from the United States, for fear that their governments would be charged with being satellites of Uncle Sam. Consequently, the money which the United States might be willing to loan

unilaterally is not desired by many such countries. I am told that \$78 million from the sale of our agriculture surpluses to Indonesia lies idle in the Bank.

If we are not careful, in the next 5 years we may accumulate additional billions of local currencies, from the sale of our agricultural surpluses. If we do not find a means of using these section 480 funds, we shall find that we have sacrificed bales of cotton in warehouses for bales of currency.

We cannot justify a continuation of this very fine program of section 480 sales, which I have supported thoroughly, unless we find a way now to put the funds to work.

By mixing hard currencies with soft currencies in connection with a second-mortgage type of program, the necessary funds could be made available to countries which today cannot deal in dollars. Such second-mortgage loans could be made by an international development association. In that way the necessary funds could be made available.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield further to me?

Mr. MONRONEY. I am very glad to yield.

Mr. GORE. Although the amount of foreign currencies now belonging to the United States is enormous, it would still appear to be within manageable proportions. However, if no constructive measure is advanced and if no realistic program is adopted, so as to put this enormous amount of currency to some good use, in the years ahead, shall we not run the risk of accumulating foreign currencies in such enormous quantities as to create a real danger to international exchange?

Mr. MONRONEY. If we attempted to use them unilaterally, in large-scale amounts, the stability of the foreign currencies might be destroyed.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield once more?

Mr. MONRONEY. Mr. President, I am happy to yield, because of the great contribution the Senator from Tennessee is making to the development of the idea of recycling the aid given by the United States to other countries, so that those countries might in turn extend aid to others.

Mr. GORE. I thank the able Senator. If I understand the situation correctly, this foreign currency has no purchasing power in the United States. Is that correct?

Mr. MONRONEY. Absolutely none. We intended to use more for strategic materials, but our stockpile is apparently now considered adequate. We use a small part of it for our military expenditures and for our diplomatic establishments within the issuing countries; but it is only a fraction of the billions of dollars being generated by the sale of our agricultural commodities.

Mr. GORE. But all three instances of expenditure to which the Senator has alluded occur in other countries, not in ours. Is that correct?

Mr. MONRONEY. That is correct.

Mr. GORE. This quantity of foreign currency, however, does have a value in international exchange, does it not?

Mr. MONRONEY. Indeed, it does, and the use of it in a world bank that could carefully release amounts of foreign currencies in a judicious way, so it would not create inflation, would result in foreign currency beginning to move in world trade, instead of having all world trade tied to the American dollar. It is bad to have a dollar-scarce world. The more freely other countries can use their own currencies, the better off we all are.

Mr. GORE. Would it not be possible, since we possess more than \$2 billion of foreign currency, representing good international exchange, to substitute the use of the international currency for the appropriation of American dollars, at least to some extent?

Mr. MONRONEY. The Senator is reading my mind, because that is a part of the proposed program. There cannot be a complete substitution of foreign currency. There must be a dollar or hard-currency base. But given such a base, there will be more opportunity to make use of currencies which today have little value in the world market.

Mr. GORE. I wish to thank the Senator for making the constructive suggestion by which foreign currencies might be put to beneficial use—a use for which the world is in great need, a use which will contribute to the development of foreign countries, and a use which will prevent a dangerous accumulation of unmanageable quantities of foreign currency.

Mr. MONRONEY. I am sure my distinguished friend and colleague also recognizes the dangers of tying up trade on a unilateral basis which makes the countries of the world indebted to us and gives us an unusable stockpile of currencies of many nations of the world. At some future time a movement will be started for total forgiveness of the increasing foreign-aid debt. Uncle Sam will probably be asked to forgive world loans. The Senator from Oklahoma proposes to put such loans through an international banking association, so such transactions will be handled on an international basis. The International Development Association would be similar to the World Bank, except it would furnish a second mortgage market for the 20 percent or 30 percent of projects which otherwise would not be bankable. The head of the World Bank confidentially told me he could have made 50 or 60 more bank loans, which would have made unnecessary some grants in aid, had he had available such a second mortgage operation.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the distinguished Senator from Missouri.

Mr. SYMINGTON. I am much impressed with the idea of the distinguished Senator from Oklahoma. In the cost to the people of the United States of the farm program, there was a difference of opinion as it was presented by the Department of Agriculture, and some members of the committee, as to the true cost.

In Dr. Heemstra's report, from which we quote their "Conclusions: Based upon the inspection of 'Africa U. S. A.' on January 22, 1957, it is my conclusion that physical facilities and methods of maintaining animals at 'Africa, U. S. A.' are substantially equivalent to those of public zoos."⁹

Dr. Heemstra testified that "private and public veterinarians all report to the State and Federal authorities any diseased condition which in their opinion is dangerous and which is determined to be a contagious and infectious disease, a reportable disease," and that appellant's zoo meets all qualifications except for governmental control. This latter aspect, it was explained, permits the Department to feel that a public zoo is under "a body which has a sense of public responsibility for the general welfare, which may not be inherent in a private zoo." If there were "irregularities which had occurred or which were about to occur, we would be in a position to deal with what we believe to be a responsible public body in bringing this to their attention and instituting corrective measures."

There is no evidence that the owners of a private zoo or circus are any less anxious to preserve their investment than some political body. There is no suggestion, that the appellant's veterinarian is any less competent, because he is subject to call them an eligible zoo's veterinarian on a retainer basis. On the contrary, Dr. Heemstra reported that appellant's veterinarian, when interviewed, advised "he was fully aware of his responsibility."

The situation, as it seems to us, was summed up by the Florida State veterinarian, Dr. Campbell:

"Frankly, I feel that if foreign ruminant animals constitute a danger or threat to our domestic animal or livestock industry, the importation of such animals should be prohibited. If, in the opinion of the Department of Agriculture specialists, the possibility is but assumed to be remote that such animals are carriers and that the public interest would be served by allowing the importation of these animals, then the Department of Agriculture—which allows such importations—should accept the responsibility of providing what it considers to be adequate veterinary supervision."

There can be no question of the ultimate objective voiced by the Department or of the desirability of regulation essential to its attainment. But we perceive no basis, and none has been demonstrated, upon which a Government officer may impose an ad hoc system of licensure upon any citizen, or upon any one group as compared with another. If the law in the public interest, reflecting the policy of Congress, had prescribed that no ruminant may be imported except by a publicly owned zoo which meets prescribed conditions, generally applicable, that is one thing. But here importation was specifically permitted as to a shipment of animals, all alike. Any one animal was as much a potential carrier of hoof and mouth disease as the appellant's giraffe. If appellant's animal, or appellant's zoo, had failed to meet standards "prescribed by an

agency of government authorized to prescribe such standards,"¹⁰ again we would have had a very different problem. Here we find no regulations, no prescribed standards, no proscription by statute or otherwise, governing this appellant's purchase after expiration of the required quarantine period.

But, the Secretary argues, looking to the act of February 2, 1903,¹¹ section 2¹² here applies. Thus the Secretary is authorized to "make such regulations and take such measures as he may deem proper to prevent the introduction or dissemination of the contagion of any contagious, infectious, or communicable disease of animals * * * from a foreign country into the United States or from one State * * * to another. * * *" Section 1 of the act deals with "the exportation and transportation of livestock from any place within the United States where he may have reason to believe such diseases may exist into and through any State * * * and to foreign countries."

The act of 1903 "is a measure intended to enable the Secretary to prevent the spread of disease among cattle and other livestock. He is authorized and directed from time to time 'to establish such rules and regulations concerning interstate transportation from any place where he may have reason to believe such diseases may exist * * * and all such rules and regulations shall have the force of law.' 'Whenever any inspector or assistant inspector of the Bureau of Animal Industry shall issue a certificate showing that such officer had inspected any cattle * * * which were about to be shipped * * * from such locality * * * and had found them free from * * * communicable disease, such animals, so inspected and certified, may be shipped, driven, or transported from such place' in interstate commerce 'without further inspection or the exaction of fees of any kind, except such as may at any time be ordered or exacted by the Secretary of Agriculture * * *'."¹³

We have no doubt whatever that the Secretary in aid of the objective of the act may validly issue regulations governing the interstate transportation of animals from any place where communicable disease exists or where he may have reason to believe it exists. Appropriate regulations and the Secretary's order in their aid may even extend to the hides of slaughtered animals.¹⁴ He may quarantine a State or any portion of it when he determines that cattle or other livestock therein are affected with any communicable disease,¹⁵ and may issue valid regulations to effectuate the statutory intention. But he must issue them only in accordance with prescribed standards—he may not "exercise an unfettered discretion to make whatever laws he thinks may be needed or advisable * * *" and "they are valid only as subordinate rules and when found to be within the framework of the policy which the legislature has sufficiently defined."¹⁷

Here the Secretary's regulations are silent as to approved zoos or acceptable govern-

mental control. His regulations¹⁸ provide for a permit in two sections¹⁹ and health certificates,²⁰ both of which were here complied with. The Secretary may not by his regulations alter or amend a law; he may merely regulate the mode of making effective what Congress has enacted.²¹ Congress has nowhere said that a wild ruminant may be imported for exhibition purposes only by a public zoo. Congress has never said that such an animal when allowed importation may not be sold to a private zoo. There is no regulation to any such effect. There is no regulation which says such an animal may be exhibited only in an approved zoo operated under acceptable governmental authority. There is no regulation which confers upon the Secretary or the Chief of the Bureau of Animal Husbandry the authority to prescribe what zoo may purchase and exhibit a ruminant, the importation of which has been permitted as according otherwise with all proper requirements.²²

It follows that the appellant had the right to purchase the animal and, it would seem, should now be entitled to its release.²³ We do not envision a decree which commands the exercise by the Secretary of such discretion as may otherwise be reposed in him. We preclude simply his denial of release of the animal on the grounds we have decided are arbitrary.²⁴

(Reversed.)

Bastian, circuit judge, dissenting: I regret that I cannot agree to the reversal of the judgment in this case, even though I agree in principle with all that my brother Danaher has written as to the dangers of Executive power unguided by congressional expression.

In this case, however, I do not believe the appellant is in position to complain. The license was not issued to him but to Demmer, who, so far as the record discloses, was satisfied with the permit as issued. Three of the five giraffes were disposed of in accordance with the permit. Two were sold to Freeman, who in turn sold them to Pederson. One giraffe has since died.

The time to have protested in court was by direct attack on the condition annexed to the permit when the permit was issued. This was not done, so far as the record before us discloses. Pederson seeks the advantage of the permit without its burden. He must have known of—or should have known of—the condition when he purchased the two animals. In my opinion, he is not in position to complain. I would affirm on that ground alone.

¹⁸ See 9 C. F. R. 92.1-92.29 (1949); cf. 9 C. F. R. 92.11-92.40 (Supp. 1957).

¹⁹ 9 C. F. R. 92.4 (1949).

²⁰ Id., sec. 92.5.

²¹ *Morrill v. Jones* (106 U. S. 466 (1882)); "Congress was willing to admit duty free all animals specially imported for breeding purposes; the Secretary thought this privilege should be confined to such animals as were adapted to the improvement of breeds already in the United States. In our opinion, the object of the Secretary could only be accomplished by an amendment of the law. That is not the office of a Treasury regulation." Id., at 467.

²² Above all, neither the Secretary nor the Chief of the Bureau of Animal Husbandry may act without warrant of law. Cf. *Morgan v. United States* (304 U. S. 1 (1938)); *Morgan v. United States* (298 U. S. 468 (1936)).

²³ Even knowledge of the unauthorized, discriminatory, and unpublished (5 U. S. C. 1002 (1952) conditions does not invalidate appellant's purchase of the animal to defeat his right. See 5 U. S. C. 1001 (f) (2) and 5 U. S. C. 1008 (a) (1952).

²⁴ Cf. *Perkins v. Eig* (307 U. S. 325, 350, (1939)).

¹⁰ *Securities Comm'n v. Chenery Corp.* (318 U. S. 80, 92-93 (1943)).

¹¹ 32 Stat. 791.

¹² Id., at 792, and see 21 U. S. C. 111 (1952).

¹³ *Mintz v. Baldwin* (289 U. S. 346, 350-51 (1933)), and see *Mintz v. Baldwin* (2 F. Supp. 700 (D. C. N. Y. 1933)).

¹⁴ *United States v. Pennsylvania Co.* (235 Fed. 961 (D. C. Pa. 1916)).

¹⁵ *Thornton v. United States* (271 U. S. 414, 420 (1926)).

There is no suggestion here that foot-and-mouth disease exists or is believed to exist in New Jersey.

¹⁶ *Schechter Corp. v. United States* (295 U. S. 495, 537-38 (1935)).

¹⁷ *Panama Refining Co. v. Ryan* (293 U. S. 388, 429 (1935)).

⁹ The report also included the following: "Veterinary service, when needed is provided by Dr. J. A. Owen, who maintains a practice in Boca Raton. Dr. Owen is an Ohio State graduate and is accredited by Agricultural Research Service for the inspection, testing, and certification of livestock for export and for interstate movement. Dr. Owen is 'on call' rather than on a retainer or contract basis for such services as are necessary. In interviewing Dr. Owen he stated that he was fully aware of his responsibility in the reporting of suspected cases of communicable diseases to State and Federal livestock sanitary officials."

[From the Washington Evening Star of February 14, 1958]

AGENCY STICKS NECK OUT IN GIRAFFE COURT FIGHT

It isn't every day the Agriculture Department needs its legal talent to keep a giraffe, but today was one of 'em.

The Department has been arbitrary in refusing to release this giraffe from quarantine for display in a private zoo at Boca Raton, Fla., according to the United States Court of Appeals.

This slap on the wrist to the agency was delivered in an 11-page opinion ordering the animal be released from the Federal Quarantine Station in New Jersey.

Judge John A. Danaher criticized the Agriculture Department for, in effect, amending an act of Congress in its refusal to allow the giraffe to be taken to "Africa USA" in Boca Raton, Fla., merely on grounds the animal may be a potential carrier of the much dreaded foot-and-mouth disease.

Judge Danaher also objected to Government requirements that imported animals can't be taken to a zoological park not approved by the Government.

The opinion says that a certificate of December 1956, shows that the controversial giraffe is 1 of 5 animals imported to this country earlier that year. He said that three of the animals were released from quarantine and sold to public zoos. A fourth died of a heart attack.

Jack J. Pedersen, owner of the long-necked creature in question, claimed in his appeal, that no Federal law authorizes the Agriculture Department to refuse quarantine release for an imported animal that will be taken to a private zoo.

[From the Washington Post of February 14, 1958]

COURT ORDERS GIRAFFE BACK TO OWNER, DECLARES UNITED STATES STUCK ITS NECK OUT

(By Harry Gabbett)

Jack James Pedersen, a Florida zookeeper, can have the young female giraffe the Government has been keeping from him (at his expense) for nearly 2 years, the United States Court of Appeals ruled yesterday.

In deciding that Agriculture Secretary Ezra Taft Benson acted arbitrarily in refusing the giraffe's release to its rightful owner, the Appellate Court cited two 1935 decisions which rapped early New Deal knucklers for exercising executive power unguided by congressional expression.

The giraffe case began with the licensed importation of five of the animals from Kenya, East Africa, in the summer of 1956. Three of the animals, after the customary quarantine period, were sold and released to various acceptable public zoos. Two females were sold to a dealer from whom Pedersen subsequently purchased his.

Agriculture's Bureau of Animal Husbandry, concerned chiefly with preventing spread of hoof and mouth disease, argued successfully in the lower court that Pedersen's giraffe was a potential carrier of the affliction.

At the same time, however, the appellate court noted in yesterday's 2-1 reversal, Agriculture conceded the current health of the surviving animal, and the suitability of Pedersen's private zoo, known as "Africa, U. S. A." at Boca Raton, Fla., as a giraffe's permanent home.

Only L. C. Heemstra, acting chief of Agriculture's Animal Inspection and Quarantine branch, however, could approve the approved zoological park under acceptable governmental control" to which such wild ruminants may be consigned under Agriculture policy, the court noted further, adding:

The Secretary (of Agriculture) may not by his regulations alter or amend a law; he may

merely regulate the mode of making effective what Congress has enacted.

[From the Washington Daily News of February 14, 1958]

COURT COMES TO GIRAFFE'S RESCUE

The United States Court of Appeals yesterday rescued a nameless, 2-year-old giraffe who has been detained for over a year for technical reasons at the Government quarantine station at Clifton, N. J.

It came from Kenya and had a proper entry permit and a health certificate which said it is in excellent health.

The Agriculture Department refused, however, to release it to Jack James Pedersen, who runs a private zoo, Africa, USA, in Boca Raton, Fla.

The Department said it only releases giraffes to public zoos. Mr. Pedersen sued Agriculture Secretary Ezra Taft Benson.

During the long court fight a second giraffe consigned to him and also quarantined grew listless, ran a fever, and finally died of a heart attack at the quarantine station.

The Agriculture Department conceded Mr. Pedersen's zoo is as well run and safe as any other.

The court said yesterday that no act of Congress requires favoring public over private zoos and that Mr. Benson's office went beyond its authority.

TEMPORARY INCREASE OF PUBLIC DEBT LIMIT

The Senate resumed the consideration of the bill (H. R. 9955) to provide for a temporary increase in the public debt limit.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. LAUSCHE].

Mr. KERR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KERR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded, and that the Senate return to the consideration of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUSCHE. Mr. President, if the amendment shall be adopted, it will reflect the reduction proposed by the five members of the committee who voted that the authorization be limited to \$3 billion, and not to \$5 billion. The difference between the bill and my amendment is that the bill authorizes an increase of \$5 billion in the debt; the amendment which I have offered authorizes an increase of \$3 billion.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Minnesota [Mr. HUMPHREY], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], and the

Senator from North Carolina [Mr. SCOTT] are absent on official business.

The Senator from Florida [Mr. HOLLAND] is absent by leave of the Senate.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Florida [Mr. HOLLAND]. If present and voting, the Senator from New Mexico would vote "yea" and the Senator from Florida would vote "nay."

I further announce that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Minnesota [Mr. HUMPHREY], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from North Carolina [Mr. SCOTT] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent on official business.

The Senator from Maryland [Mr. BUTLER] and the Senator from New Jersey [Mr. SMITH] are necessarily absent.

The Senator from Vermont [Mr. FLANDERS] is absent on official business for the Committee on Armed Services.

If present and voting, the Senator from Maryland [Mr. BUTLER], the Senator from Vermont [Mr. FLANDERS], and the Senator from New Jersey [Mr. SMITH] would each vote "nay."

The result was announced—yeas 27, nays 56, as follows:

YEAS—27

Allott	Frear	McClellan
Barrett	Goldwater	Mundt
Bricker	Hruska	Potter
Byrd	Jenner	Robertson
Cotton	Langer	Russell
Dworshak	Lausche	Schoeppel
Eastland	Magnuson	Stennis
Ellender	Malone	Talmadge
Ervin	Mansfield	Thurmond

NAYS—56

Aiken	Hayden	Morton
Beall	Hennings	Neuberger
Bennett	Hickenlooper	Pastore
Bible	Hill	Payne
Bush	Hoblitell	Proxmire
Capehart	Ives	Purtell
Carlson	Jackson	Revercomb
Carroll	Javits	Saltonstall
Case, N. J.	Johnson, Tex.	Smathers
Case, S. Dak.	Kefauver	Smith, Maine
Church	Kerr	Sparkman
Clark	Knowland	Symington
Cooper	Kuchel	Thye
Curtis	Long	Watkins
Dirksen	Martin, Iowa	Wiley
Douglas	Martin, Pa.	Williams
Fulbright	McNamara	Yarborough
Gore	Monroney	Young
Green	Morse	

NOT VOTING—13

Anderson	Holland	O'Mahoney
Bridges	Humphrey	Scott
Butler	Johnston, S. C.	Smith, N. J.
Chavez	Kennedy	
Flanders	Murray	

So Mr. LAUSCHE's amendment was rejected.

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). The bill is still open to amendment.

If there be no further amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H. R. 9955) was passed.

Mr. JOHNSON of Texas. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

CONSTRUCTION OF U. S. S. "ARIZONA" MEMORIAL AT PEARL HARBOR

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which will be stated.

The LEGISLATIVE CLERK. A bill, House Resolution 5809, to authorize construction of a U. S. S. Arizona memorial at Pearl Harbor.

READJUSTMENT OF POSTAL RATES

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of House Resolution 5836.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill, House Resolution 5836, to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, so far as the Senator from Texas is aware, we expect no quorum calls or rollcalls for the remainder of the day. We will proceed to the consideration of the postal-rate bill tomorrow, and we may have several quorum or rollcalls tomorrow and the next day.

TENTH ANNIVERSARY OF COMMUNIZATION OF CZECHOSLOVAKIA

Mr. MUNDT. Mr. President, tomorrow, the 25th of February, marks the 10th anniversary of the black day when Czechoslovakia went behind the Iron Curtain. I ask unanimous consent to have printed in the Record at this point a statement which I have prepared on that unhappy event in history.

There being no objection, the statement was ordered to be printed in the Record, as follows:

STATEMENT BY SENATOR MUNDT

The free peoples of the world and the people of the United States owe to the enslaved nations behind the Iron Curtain help and assistance to regain their freedom. On the 10th anniversary of the completion of the communization of the territory of Czechoslovakia on February 25, 1948, we should give the expression of our deep sympathies toward the subjugated nations and the nations which became victims of the Communist aggression and express our hopes

that these nations again be full free, politically and economically, that they again will enjoy full self-determination and democracy in their homelands in the future. We should encourage the enslaved and expelled Czechs, Slovaks, Sudeten Germans, Poles, Hungarians, and Carpatho-Ukrainians to strengthen their efforts to achieve freedom and we should encourage their exiles to increase their efforts to bring to the attention of the free world the fate of their people and to bring about a peaceful abolishment of communism in all countries and territories now behind the Iron Curtain.

It is the American tradition to be just toward all men and nations and to support those who strive and long for freedom. On the occasion of the 10th anniversary of the completion of communization of Czechoslovakia, we should reaffirm these principles and traditions of ours.

THE FARM PROBLEM

Mr. CHURCH. Mr. President, it is now clear that the administration will neither offer nor recommend a new farm program to this session of the Congress. It remains to be seen whether the Congress itself can fashion one.

In the face of this situation, and the fact that Idaho farmers are confronted with a problem that grows steadily worse, I believe that I owe it to them, as their Senator, to place on record here my views, as they generally relate to the farmers' predicament, so they may know where I stand, and what I shall be working for, during the remainder of the session.

Mr. President, during the past 4 years, the prices farmers must pay for the things they buy have risen, while the prices they receive for the things they produce have fallen sharply. As a result, the farmer is caught in a vicious cost-price squeeze. The prices he must pay for family living items, for farm equipment, and for such other necessary expenses as interest, freight costs, and taxes have risen steadily since 1953. On the other hand, the prices received by farmers for the things they produce have fallen, almost as steadily, during this same period. In 1952 the farmer, on the average, was receiving a fair price for his products. The parity ratio was 100. In 1954 it was 89. Last month it was 82. This is exactly as though the farmer had taken a pay cut of 18 cents from every dollar of earnings. Since 1951, while the average per capita income off the farm has increased from \$1,833 to \$2,018, the average per capita income for the farmer has fallen from \$953 to \$902. This is in spite of the fact that farm income is being divided among fewer and fewer farmers, each with a steadily growing investment in land and equipment. Last year alone, 1.8 million people left the farms—the largest migration away from the farms ever to occur in a single year in the history of our country.

Of course, farmers know what has happened to them better than I do; let us try to see why it has happened. All the farmers of America, together, have the capacity, at present, to produce more farm products than the country has been able to consume. This is a wonderful tribute to their energy and increas-

ing efficiency. Unfortunately, our economic system does not operate to reward them for abundant production; it penalizes them. Let us see why this is so.

When the giants of the automobile industry find that they have the capacity to produce more cars than people will buy, they promptly cut back on production. They produce fewer cars, but every car they make is produced and sold at a profit. Similarly, when the United States Steel Corp. cannot sell, at a profit, all the steel it can produce, it cuts back on production. This corporation, now operating at only 55 percent of its capacity, avoids dumping on the market all the steel that it is capable of producing, to be sold at whatever price the market will bring. If it did this, it would soon be bankrupt.

The farmers' situation differs from that of the car maker or the steel manufacturer in at least two basic ways. If United States Steel cuts back its production, the cutback has an immediate impact upon the market, tending toward increasing the price for steel. This is so because there are very few manufacturers of steel, and, when any one of them cuts back on production, it immediately affects the supply of steel available on the market. But an individual farmer could shut down his farm completely without measurable effect on the market. If he grows hay, he cannot take his hay to market and say, "I am willing to sell it for \$25 a ton, or for \$20, or for \$15." He must go to the market and say, "I have hay to sell. I must sell it to live. What will you give me for it?"

Now, there is another basic difference between the problem the farmers face, and the situation that confronts many other businesses. When the price for cars goes down, the market for cars can be expected to expand very rapidly. The same thing does not happen, however, in the case of most farm products. This is partly the result of the widening gap between what the farmer receives for his raw product, on the one hand, and what the housewife must pay for the finished product at the market place, on the other. The farmer's share of the dollar spent in the grocery store has fallen from 48 cents in 1951 to 39 cents in 1957. Consequently, the price to the farmer can be reduced as much as 15 cents or 20 cents on a given product, and the price to the consumer for that product in the grocery store may go down only a cent or two at the most, or may not go down at all. Moreover, when times are generally prosperous, and people are employed, they tend to buy about the same quantity of bread, potatoes, and even meat and dairy products, regardless of fluctuations in the price at the grocery store. The people have to eat, and they can eat only so much. So, when farm products are produced in surplus quantities, the market is ruined. The housewife does not benefit, in any proportionate way, from the reduced prices paid to the farmer, and the demand for farm products does not increase sufficiently to eliminate the surplus.

Those who say that the farm problem can be solved by the expanded markets

that will result from lower prices simply do not take these fundamental facts into consideration. The economists say that demand for food is "inelastic." What they mean is that demand for food does not expand fast enough to compensate for lower prices. Overproduction results in a glutted market. Farmers understand this. Economists understand it. Evidently only the administration does not.

This is the reason that the Federal Government has tried, from the time of the great farm depression of the early thirties, to devise a farm program in which farmers might participate in large numbers, to end surpluses and bring overall farm production into line with demand, so that farmers might receive a fair price in the market place for their food and fiber.

In order to accomplish this, I have no doubt that we must have some kind of farm program. The unregulated free market nearly ruined the American farmer in the early 1920's and again in the 1930's. Only those with very short memories have forgotten this.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CHURCH. I am happy to yield to my friend from the great State of Louisiana.

Mr. LONG. I wonder if the thought has occurred to the Senator that one way to relieve the farm problem is to help make it possible for hungry people to eat? The cost of living has gone up during the past 2 years, since the last advance in welfare payments. It would seem to be a good idea to me that those who are underprivileged, or those who are on public relief, inasmuch as more than half of their funds go for food, should be given greater provision. That would be an advantage to the country, and there would be less poverty and malnutrition in this land of ours if the administration were willing to go along with some of us when we try to provide more liberally for those who are today hungry.

The Senator knows as well as I do that every time some of us try to provide an increase in welfare payments in order to meet the increase in the cost of living, the administration comes to Congress to oppose it.

Mr. CHURCH. I could not more completely agree with my good friend, the Senator from Louisiana, and I could not think of a better way to help put to good use the surplus food with which we now are confronted. Certainly, this food was meant for nourishment. There are many hungry mouths to feed, both in this country and abroad.

Mr. LONG. Will the Senator yield further?

Mr. CHURCH. I am happy to yield further.

Mr. LONG. Some people keep confusing us by talking about all sorts of complicated ways to handle the farm problem, in an attempt to say that no particular method will work.

I wonder if the thought has ever occurred to the Senator that, although the administration has been in power for 5 years, the farmers have not had enough

income to meet parity during the entire 5 years—not in a single month—and not in a single month have the farmers done as well as they did in the worst month during the prior 12 years, before the present administration came into power. At the same time, the bankers have had an alltime high in income, with the highest interest rates that have prevailed in 20 years, and continuously high interest rates. I wonder if the thought has occurred to the Senator that perhaps this outfit really planned it that way all the time.

Mr. CHURCH. When I review the same record to which the Senator from Louisiana has been good enough to refer, I cannot help but think that the policies of this administration have been strangely calculated to favor the money lender, and to favor generally the people who need the benefits the least, but to clearly disfavor the interests of the American farmers.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. CHURCH. Indeed I will, but I should like first to make a further comment: that the proof of this statement is to be found clearly in the record, from the very fact that last year, as I have already mentioned, a recordbreaking number of American farmers left the farms in a mass exodus to the cities. This, I think, is to be laid directly to the kind of farm program which has been innovated and administered during the past 4 years.

Mr. LONG. I am sure the Senator recalls that during the last presidential election and during the election 5 years ago there were quite a few of us who said that the Republicans really believed that the farmer was getting too much.

Mr. CHURCH. That is true.

Mr. LONG. We were not saying that all Republicans felt that way, but that was the prevailing view of Republicans in general. The Republicans felt 5 years ago that the farmer was getting too much, and perhaps feel that way now, but they do not feel the moneylenders, the bankers, and the millionaires are getting enough.

I ask the Senator if the record of this administration during the past 5 years has not demonstrated that is just about what they had in mind.

Mr. CHURCH. I could not possibly agree more with my good friend, the Senator from Louisiana. I would only add that later in my remarks I make reference to the very thing the Senator has so ably pointed out in the course of this colloquy. I thank the Senator for his participation.

To be sure, there were many things wrong with the farm program during the 20 years we watched it develop from 1932 to 1952. But the basic ingredients were there. Farmers will not receive a fair price for their commodities so long as the market is glutted with surpluses; every effort to control surpluses will fail, so long as it does not provide reasonable assurances to the farmer that he will receive a fair price for what he does produce.

Perhaps methods can be devised whereby the excess production can be

removed from the domestic market, and used to feed the hungry, both here and abroad. When production controls are necessary, perhaps they can be made more effective by administering them on an overall, rather than a crop-by-crop basis. Perhaps, also, effective production control cannot be realistically based on limiting acres, but needs, rather, to be based on limiting bushels or pounds. I do not know for sure.

But I am persuaded, for sure, that our farm program has taken the wrong direction during the past 4 years. There is little evidence that the soil bank is actually reducing surpluses. Flexible price supports have meant lower prices to the farmer, but they have neither eliminated farm surpluses, nor have they reduced the cost of food or clothing to the housewife. And every time the administration has lowered price supports, the cost of the support program has risen. It was \$60 million in 1953, \$800 million in 1955, and \$1,300 million in 1957. Despite this, the administration now proposes a new law that will permit the further reduction of price supports.

The same medicine that has already weakened the patient, when given by the teaspoonful, we are now asked to administer by the tablespoonful.

What is even more discouraging to me is the philosophy with which the whole farm problem has been treated in recent years. Farmers have been told that the solution to their problems can only be found in lower price supports and less Government interference. Consumers, particularly those in the great metropolitan areas, have been deliberately encouraged to believe that it is contrary to their interest for the Government to try to maintain farm prosperity. The farmer has been portrayed as standing in line, hat in hand, for handouts of the taxpayers' money. By insisting on lowered price supports, those who administer this program have made it impossible for farmers to do anything but try to produce more and more, in a despairing effort to meet their bills and obligations. Then, to top it off, the resultant surpluses have been pointed to as evidence that no farm program is workable. In short, the farm program has been systematically dismantled by those who had the responsibility for administering it.

Now we come to the hardest question of all. What can be done about it? The farm bloc in Congress is now divided and demoralized. A new farm program is desperately needed, but the administration has offered no change in its approach, and Congress, which speaks with as many voices as there are Members, will be hard put to devise a comprehensive new program in this session. Consequently, a movement has developed to hold the line by enacting legislation that will prevent further reduction in price supports for the 1958 crop year. No one supposes that this approach constitutes a permanent solution to the farm problem. It is, at best, a stop-gap measure, designed to halt the rising tide of farm bankruptcy during the coming year, in the hope that a new comprehensive farm

Public Law 85-336
85th Congress, H. R. 9955
February 26, 1958

AN ACT

72 Stat. 27.

To provide for a temporary increase in the public debt limit.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, during the period beginning on the date of the enactment of this Act and ending on June 30, 1959, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act, as amended, shall be temporarily increased by \$5,000,000,000.

49 Stat. 21;
70 Stat. 519.
31 USC 757b.

Approved February 26, 1958.

